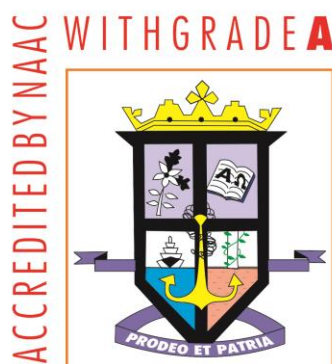# CHOICE BASED CREDIT
SEMESTER SYSTEM FOR UNDERGRADUATE PROGRAMME

ST. JOSEPH'S COLLEGE (AUTONOMOUS)
DEPARTMENT OF ECONOMICS

Syllabus

for

BA Economics Programme

(Effective from 2015 Admissions)

CHANGES MADE IN THE SYLLABUS

Changes are made in the following core courses only

- AECO1B01T - Micro economics I - Changes underlined – The Module **Theory of Costs** from AECO2B02T is included in this course
- AECO2B02T - Micro economics II – Changes underlined
- AECO5B07T - Macro economics I – Changes underlined
- AECO5B10T – International Economics – changes undrlined
- AECO6B11T - Macro economics II – Changes underlined
- AECO6B12T – Mathematical Economics – changes underlined
- AECO6B14T – Development Economics - changes underlined

The core course in the fourth semester of the BA Economics programme, "*Computer Application for Economic Analysis*" is replaced by a new core course "*Development of Economic Thought*

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BA PROGRAMME IN ECONOMICS

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Course Structure

The Programme consists of the following courses:
  a) Common Courses   b) Core Courses   c) Complementary Courses
  d) Open Course   e) Project

Altogether there will be 34 courses in the Programme with 14 Core Courses, 10 Common Courses, 2 Complementary Courses (spread over 4 semesters), 1 Elective course and 1 Open Course. Open courses are the courses offered by a department to the students of other departments. The Project work is to be handled by the Economics faculty in each college. A detailed break up of courses is presented in table 1.

Course Code

Each Course shall have a unique alphanumeric code number. The first letter denotes the syllabus, next three letters of the code denotes the subject, then the semester number (1 to 6) in which the course is offered, the serial number of the course (A – Common Course, B – Core Course, C – Complementary Course, D – Open Course and E – Elective Course) and the serial number of the course. For example, AECO3B04T represents Economics core course (ECO) offered in the third semester(3) and serial number of the core course (B) is 4 as per the syllabus-A.

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Table 1. Structure of BA Economics Programme

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Semester	Course	Course Code	Title of Paper	Hours per Week	Credits	Max. Marks		
						IE*	EE**	Total
I Semester	Common I	AENG1A01T		4	3	20	80	100
	Common II	AENG1A02T		5	3	20	80	100
	Common III	AMAL1A01T AHIN1A01T AFRC1A01T		4	4	20	80	100
	Core 1	AECO1B01T	Microeconomics - I	6	5	20	80	100
	Complementary I	APOL1C01T		3	2			
	Complementary II	AHIS1C01T		3	2			

* Internal Evaluation, ** External Evaluation									
II Semester	Common IV	**AENG2A03T**		5	4	20	80	100	
	Common V	**AENG2A04T**		4	4	20	80	100	
	Common VI	**AMAL2A04T** **AHIN2A04T** **AFRC2A02T**		4	4	20	80	100	
	Core 2	**AECO2B02T**	Microeconomics - II	6	5	20	80	100	
	Complementary I	**APOL2C02T**		3	2	20	80	100	
	Complementary II	**AHIS2C04T**		3	2	20	80	100	
III Semester	Common VII	**AENG3A05T**		5	4	20	80	100	
	Common VIII	**AMAL3A07T** **AHIN3A07T** **AFRC3A04T**		5	4	20	80	100	
	Core 3	**AECO3B03T**	Quantitative Methods for Economic Analysis - I	5	4	20	80	100	
	Core 4	**AECO3B04T**	Modern Banking and Insurance	4	4	20	80	100	
	Complementary I	**APOL3C03T**		3	2				
	Complementary II	**AHIS3C07T**		3	2				
IV Semester	Common IX	**AENG4A06T**		5	4	20	80	100	
	Common X	**AMAL4A08T** **AHIN4A08T** **AFRC4A05T**		5	4	20	80	100	
	Core 5	**AECO4B05T**	Quantitative Methods for Economic Analysis - II	5	4	20	80	100	
	Core 6	**AECO4B06T**	Development of Economic Thought	4	4	20	80	100	
	Complementary I	**APOL4C04T**		3	2	20	80	100	

	Complementary II	**AHIS4C10T**		3	2	20	80	100
V Semester	Core 7	**AECO5B07T**	Macroeconomics - I	6	4	20	80	100
	Core 8	**AECO5B08T**	India's Economic Development: National and Regional ‡	6	4	20	80	100
	Core 9	**AECO5B09T**	Economics of Capital Market	5	4	20	80	100
	Core 10	**AECO5B10T**	International Economics	5	4	20	80	100
	Open	**ABCM5D03T, AENG5D01T, ABOT5D01T, ACHE5D02T, AMAT5D02T, APHY5D01T, APSY5D01T, AZOL5D01T, APED5D01T**	Offered by other departments	2	2	10	40	50
	Project Work		To be continued in VIth Sem	1				
VI Semester	Core 11	**AECO6B11T**	Macroeconomics - II	5	4	20	80	100
	Core 12	**AECO6B12T**	Mathematical Economics	5	4	20	80	100
	Core 13	**AECO6B13T**	Public Finance	5	4	20	80	100
	Core 14	**AECO6B14T**	Development Economics	5	4	20	80	100
	Elective	**AECO6E01T**	Economics of Business and Finance	3	2	20	80	100
	Project Work	**AECO6B15D**	Individual/Group activity	2	4	10	40	**50**
Total Credits				**120**				

‡A compulsory study tour is recommended as part of the paper entitled "India's Economic Development-National and Regional" in the Fifth Semester and the tour report should be submitted to the Head of the Department soon after the tour.

CORE COURSES

- AECO1B01T - Micro economics I
- AECO2B02T - Micro economics II
- AECO3B03T - Quantitative Methods for Economic Analysis I
- AECO3B04T – Modern Banking and Insurance
- AECO4B05T - Quantitative Methods for Economic Analysis II
- AECO4B06T – Development of Economic Thought
- AEC05B07T - Macro economics I
- AECO5B08T - India's Economic Development: National and Regional
- AECO5B09T - Economics of Capital Market
- AECO5B10T – International Economics
- AECO6B11T - Macro economics II
- AEC06B12T – Mathematical Economics
- AECO6B13T – Public Finance
- **AECO6B14T – Development Economics**
- AECO6B15D – Project

Complementary Courses

The following are the complementary courses
- History
- Political Science

Open Course

Economics in Everyday Life

Elective Course

Economics of Business and Finance

Complementary Courses – Non economics Students

1. Essentials of Economics – Micro
2. Essentials of Economics – Macro
3. Essentials of Economics Money, Banking, Finance and Trade
4. Essentials of Economics-Indian Economy

Assessment and Evaluation

Assessment and evaluation of the course shall be according to the Regulations of the St. Joseph's College, devagiri, Calicut "SJCBCSS-UG2015". Evaluation of the course shall contain two parts: Internal Evaluation and External Evaluation. The Internal examination shall have a weightage of 20% and the remaining 80% for external evaluation.

Internal assessment is done through the system of continuous assessment of the following four components, with a maximum of 20 marks, split up as presented in table 1.

Table 1. Percentage Distribution of Internal Marks

Components	Marks
Attendance	25 %
Assignment, Seminar, Viva- Voce	25 %
Test Paper	50 %

Attendance of each course will be evaluated and marks assigned as per the norms presented in table 2.

Table 2. Percentage Distribution of Marks for Attendance

Attendance	Marks
Above 90%	100%
85-89%	80%
80-84%	60%
76-79%	40%
75%	20%

Both internal and external evaluation is carried out using the mark system. The grading on the basis of total marks scored in internal and external examinations will be done as per SJCBCSS-UG2015 regulations.

The minimum required percentage of attendance for appearing in the various semester examinations is fixed as 75.

Assignment   : Best of the two assignments is considered per course.

Seminar   : The student has to take a minimum of one seminar per course.

Test paper   : A minimum of two class tests are to be attended. The grades of best two tests are to be taken.

External Examination: Question Pattern

The questions of external evaluation should aim at assessment of knowledge, standard application of knowledge and application of knowledge in new situations. Question paper should be a judicious mix of objective type, short answer type, short essay type/problem solving type and long essay type questions. Different types of questions shall be given different weights to quantify their range. The question setter shall submit a detailed scheme of evaluation along with the question paper.

- All examinations will have duration of 3 hours, except open course, for which examination will be of 2 hours duration. Maximum marks for all courses will be 80 except open course, for which maximum marks will be 40.
- Each question paper will have four parts A, B, C and D
- Part A contains 12 objective type questions for which the candidate has to answer all the questions. Each question carries ½ marks.
- Part B contains twelve very short answer type questions and the candidates have to answer ten questions. Each question carries two marks.
- Part C contains eight short essay/problem type questions and the candidates have to answer six questions. Each question carries five marks.
- Part D contains four essay type questions and the candidates have to answer two questions. Each question carries 12 marks.

Table 4. Question Pattern for External Evaluation (Core Course)

Type of Question	Questions to be Given	Questions to be Answered	Marks for each Question	Total Marks
Objective Type	12	12	$\frac{1}{2}$	6
Very Short Answer	12	10	2	20
Short Essay	8	6	5	30
Essay	4	2	12	24
Total	36	30		80

Table 5. Question Pattern for External Evaluation (Open Course)

Type of Question	Questions to be Given	Questions to be Answered	Marks for each Question	Total Marks
Objective Type	8	8	$\frac{1}{2}$	4
Very Short Answer	7	5	2	10
Short Essay	6	4	4	16
Essay	2	1	10	10
Total	23	18		40

Table 6. Question Pattern for External Evaluation (Complementry Course)

Type of Question	Questions to be Given	Questions to be Answered	Marks for each Question	Total Marks
Objective Type	12	12	$^1/_2$	6
Very Short Answer	12	10	2	20
Short Essay	8	6	5	30
Essay	4	2	12	24
Total	36	30		80

Study Tour

A compulsory study tour is recommended as part of the paper entitled "India's Economic Development- National and Regional" in the Fifth Semester and the tour report should be submitted to the Head of the Department soon after the tour.

Project

As part of the requirements for BA Programme every student must do a project either individually or as a group, under the supervision of a teacher. Project work is meant for providing an opportunity to approach and study a problem in a systematic and scientific manner. It provides them an opportunity to apply the tools they have studied and learn the art of conducting a study and presenting the report in a structured way. The report of the project, completed in every respect, is to be submitted to the department for valuation by the examiners appointed by the University.

PROJECT GUIDELINES:

1. Project work may be done either individually or as a group of students not exceeding 5 in number.

2. The topic of the project should be on economic issues either theoretical or case study type.

3. Students should be properly oriented on the methodology of conducting a study during the Vth Semester, making use of the hours allotted for the purpose.

4. The Project work should be completed by the end of the VI semester and the report should be submitted to the Department before 31st March of the year concerned.

5. The project report should be either printed or typed in English.

6. A copy of the project report in English (printed or typed) should be submitted by the student/ team on or before 31 March of the year concerned.

7. The valuation of the project will be done at two stages:

   a. Internal evaluation (supervising teachers will assess the project and award grades)

b. External evaluation (The team will comprise of an external examiner appointed by the University and the HOD of the institution concerned or his nominee)

c. A Viva voce related to the project work will also be conducted by the external evaluation team. All candidates should undergo the Viva voce test individually.

d. Grades will be awarded to candidates combining the internal grade, team grade and Viva voce grade.

8. Length of the project report - 20 to 35 typed pages (Paper A4, Times New Roman, Font size 12, line spacing 1.5). The report may be organized in 3 chapters(minimum).The use of simple statistical tools in data analysis may be encouraged.

9. Project evaluation and the Viva voce should be conducted immediately after the completion of the regular classes /written examination.

10. The chairman of the VI semester exam should form and coordinate the evaluation teams and their work.

11. The project external evaluation should be completed before the commencement of the centralized valuation.

12. External Examiners will be appointed by the University from the list of VI semester Board of Examiners in consultation with the Chairman of the Board.

13. Student for viva-voce are compulsory for internal evaluation.

14. The internal to external is to be taken in the ration of 1:4. Assessment of different components may be done as given below.

Details of the Assessment of Project Report

Internal (20% of total)		External (80% of total)	
Component	**% of Marks**	**Component**	**% of Marks**
Punctuality	20	Relevance of the Topic, Statement of Objectives, Methodology (Reference/Bibliography) Statement of Objectives, Methodology	20
Use of Data	20	Presentation, Quality of Analysis/Use of Statistical Tools, Findings and recommendations.	30
Scheme/Organization of Report	30	Viva-voce	50
Viva-voce	30		

Basic Ingredients of a Project Design

The project work can be designed by considering the following elements.

1. Selection of a Topic
2. Pilot Survey – a trial run of questionnaire / interviews
3. Significance / relevance of the Study
4. Review of Related Literature
5. Formulation of Research Questions
6. Research Objectives (Minimum 2)
7. Coverage (Universe / Sample & period of study)
8. Data source (Primary/Secondary)
9. Methods of Analysis i.e., Tools and Techniques
10. Limitations of the study
11. Chapter outline
12. Data Analysis/Result Chapter(s)
13. Conclusion

Structure of the Report

The report should be organized in the following sequence:

i) Title page
ii) Name of the candidate, Name and designation of the supervising teacher
iii) Declaration of the student and certificate of the supervising teacher
iv) Acknowledgements
v) List of tables, List of figures, table of contents
vi) Introduction
vii) Significance of the study
viii) Related works, if any
ix) Objectives, methodology and data sources
x) Chapter scheme
xi) Main text, summary conclusions and recommendations
xii) Bibliography

CORE COURSES
Detailed Syllabi
Semester I

Course Category: Core Course 1
Course Title and Code: Micro Economics – I, AECO1B01T
No. of Credits: 5
No. of Contact Hours: 108

Micro economics - I

Micro economic theory presents some of the basic analytical techniques or tools of analysis of economics. It has been one of the most important courses in all economics business curricula.

This Course is designed to provide basic understanding of the behavior of individual economic agents – Consumer, Producer. It will introduce the students the basic ideas and tools that will be utilized throughout I the other courses of the degree programme.

Module I: The scope and methodology of micro economics – Wants and scarcity –The basic functions of an Economy – The circular flow of economic activity (two sector model)- Nature and Scope of Micro economics- The importance of margin in Microeconomics-Microeconomic models and methodology – Positive and normative analysis -induction and deduction, Value judgments -Static , dynamic and comparative static analysis .. Partial equilibrium and general equilibrium.

Module II : **Price Determination in a Competitive Market** - – The concept of market and role of price mechanism - Demand, supply and equilibrium - Market demand curve – market supply curve – Change in Market Equilibrium – Functions of prices - changes in demand and supply – Extention and contraction in demand - Increase and Decrease in demand - Elasticity of demand and supply - Price Elasticity of demand – Point and Arc method – Price elasticity and total expenditure – Factors determining price elasticity - TR, MR and price Elasticity – Income elasticity and its interpretation- Cross elasticity - substitutes and complementary goods

Assignment/Seminar Topic-
1. Algebriac Explanation to market Equilibrium
2. Give estimated price income and cross elasticities for selected commodities and indicate from the price elasticities whether demand is elastic or inelastic, from the income elasticity whether the commodity is a luxury, a necessity or an inferior good.

Module III: **Theory of consumer behavior** – Utility - Cardinal Versus Ordinal utility – Consumer Equilibrium under cardinal utility - Consumer behavior under ordinal utility - assumptions – Indifference curve - properties - MRS – Equilibrium of the consumer under ordinal utility – Budget constraints - Budget line - Income effect - Engel curve - Normal good; inferior good – Consumer's response to price changes -

Price effect and utility maximization – Derivation of individual demand curve for normal good – Decomposition of Price effect into income effect and substitution effect – Hicksian and Slutsky's methods – Normal, inferior and Giffen goods – Application of Indifference Curves - Theory of Revealed Preference – Revealed Preference axiom - Consumer surplus - Marshall and Hicks.

Assignment/Seminar Topic-

Evaluation of alternate Government policies by using indifference curve analysis

Module IV: **Theory of Production** –Production Function-short run versus long run production function – TP, AP, MP and their interrelationships - Production with one variable input - Law of variable proportions - Production with two variable input - Returns to scale - Iso-quants - properties - MRTS – Elasticity of substitution - Isocost line – Least cost input combination - Producer's equilibrium - Expansion path and long run cost curves – Cobb-Douglas production function (concept only)

Assignment/Seminar Topic: Graphical presentation of the Returns to scale for a homogeneous production function.

Module V: Theory of Costs

Explicit and implicit costs, opportunity cost, private cost, social cost, economic cost, accounting cost, sunk cost, fixed and variable cost, marginal and average cost -Short run and Long run cost curves - Modern theory of costs - Short- run costs - AFC, AVC, ATC – Longrun L shaped cost curves.

Seminar/assignment topic: Traditional theory of costs - Cost concepts- Geometry of unit cost curves -relation between AFC, AVC, AC and MC graphically.

References

1. **1.**Domoinic Salvatore(2003): Micro Economics: Theory and applications: Oxford University Press
2. Koutsoyiannis . A Modrern Micro Economics
3. G S Maddala and Ellen Miller(2006) : Micro economics:Theory and applications:Tata McGraw Hill
4. Pindyik, Rubinfeld and Mehta(2008):Micro Econmics: Pearson
5. Robert Y Awh:Micro Econmics:John Wiley and sons
6. H.R Varian Intermediate Microeconomics- A Modern Approach.
7. Watson and Getz, Price Theory and its uses'
8. Dominik Salvatore, Principles of Microeconomics
9. Dominik Salvatore, Micro economic Theory', Schaums Outline series,
10. Walter Nicholson and Christopher Snyder (2010)- Theory and applications of intermediate microeconomics' 11th edition, Souht Western, Cengage learning

Semester II

Course Category: Core Course 2
Course Title and Code: Micro Economics – II, AECO2B02T
No. of Credits: 5
No. of Contact Hours: 108

Micro economics - II

This part of the syllabus is designed to introduce fundamental market concepts and structures. The objective of the course is to apply the principles Micro economic analysis to the decision making of firms and market.

Module I : Theory of Markets

The nature of firms-. Goals of the firm- the goal of profit maximization. Condition for profit maximization

Module II: Perfect competition

Perfect competition- characteristics. Price determination in the market period. Short run equilibrium of the firm. Shutdown point. Supply curve of a firm and industry. Long run equilibrium of firm and industry. Constant, increasing and decreasing cost industries. Analysis of competitive markets- consumer surplus, producer surplus. Welfare effects of government intervention. Efficiency of a competitive market. Impact of a tax or subsidy

Module III: Monopoly

Monopoly. Sources of monopoly- natural monopoly- AR and MR curve of a monopolist. Equilibrium of the monopolist. Short run equilibrium, long run equilibrium. Supply curve of a monopolist – The multi plant firm - Monopoly power-measuring monopoly power- Lerner Index. Social cost of monopoly. Regulation of monopoly. Monopsony. Bilateral monopoly . Price discrimination- first degree, second degree and third degree price discrimination. International price discrimination and dumping. Two part tariff, tying and bundling. Peakload pricing

Module IV: Monopolistic competition and oligopoly

Monopolistic competition and oligopoly. Features of monopolistic competition. Short run and long run equilibrium. Product differentiation and selling costs. Oligopoly- characteristics. Collusive verses noncollusive oligopoly. Cournot model, kinked demand curve model. Cartel and price leadership.

Module V: Theory of factor pricing

Pricing and employment of inputs. Marginal productivity theory of input demand. Competitive factor markets. Demand curve of the firm for one variable input. Demand curve of the firm for several variable inputs. The market demand curve for an input. Supply of inputs to a firm. The market supply of inputs. Equilibrium in a competitive factor market. Factor market with monopsony power. Factor market with monopoly power.

References

1. Robert S Pyndick and Daniel L Rubinfeld (2009) - Microeconomics, 7th edition, Pearson Education
2. Walter Nicholson and Christopher Snyder (2010) - Theory and applications of intermediate microeconomics' 11th edition, Souht Western, Cengage learning
3. Hal R varian (2010) - Intermediate microeconomics, a modern approach, 8th edition, W W Norton and company
4. Dominick Salvatore(2009)- Principles of microeconomics, 5th edition, Oxford university press
5. A Koutsoyiannis(1979) - modern microeconomics, 2nd edition, Macmillan
6. Edgar K Browning and Mark A Zupan (2006) – Microeconomics, Theory and applications, 9th edition ,   John Wiley and sons

Semester III

Course Category: Core Course 3   **Course Title and Code: Quantitative Methods for Economic Analysis – I, AECO3B03T**   **No. of Credits: 4**   **No. of Contact Hours: 90**

Quantitative Methods for Economic Analysis - I

Introduction
Students of economics should have sound quantitative skills to collect, analyse and interpret empirical data. They also require these skills for advanced studies in quantitative economics. Quantitive skills have become an essential toolkit for most branches of economics.

Objectives
This course is intended to provide students an introduction to quantities methods and tools that are used in the study of economics at undergraduate level. The aim of this course is to develop skill in statistical techniques that are required for a meaningful study of applied economics and for carrying out empirical research.

Learning Outcome
Students are expected to acquire statistical skills that are necessary for further study in most branches of economics. However, it should be kept in mind that the students who study this course

have limited quantitative skills. Their limitations and peculiarities should be considered while preparing questions paper, particularly for problems.

Syllabus
Module I - Algebra
Exponents and Logarithms - Equations - Types and solutions of Linear, Quadratic and Simultaneous Equations up to three unknowns.

Module II - Basic Matrix Algebra: Matrices-Types, Matrix manipulations and their rules, Order of Matrix, Rank of matrices, Transpose of Matrix-Determinants up to order 3×3- Properties and Value of determinant, Minor, Cofactor and inverse, Solving Linear Equations with the inverse. Cramer's Rule for solving linear equations.

Module 3 - Functions and Graphs
Functions-types of function and its application in economics - Rectangular Co-ordinate System and graphs of functions - Slope and Intercept - Equations of straight lines.

Module 4 - Meaning of Statistics and Description of Data
Definition, Scope and Limitations of Statistics -Frequency distribution - Representation of data by Frequency polygon, Ogives and Pie Diagram.
Measures of Central tendency- Arithmetic Mean, Median, Mode, Geometric Mean and Harmonic Mean - Positional values: Quartiles, Deciles and Percentiles.Measures of Dispersion: Absolute and Relative measures of Dispersion – Range, Quartile Deviation, Mean Deviation and Standard Deviation - Lorenz Curve - Gini Coefficient - Skewness and Kurtosis.

Module 5 Correlation and Regression Analysis
Correlation-Meaning, Types and Degrees of Correlation - Methods of Measuring Correlation- Graphical Methods: Scatter Diagram and Correlation Graph; Algebraic Methods: Karl Pearson's Coefficient of Correlation and Rank Correlation Coefficient
Simple linear regression - Meaning, Principle of Ordinary Least Squares and Regression Lines.

(Note: Question setters may strike a balance between theory and problems. Questions from Statistics and mathematics Part may be in the ratio of 60:40)

References

1) Dowling Edward.T, Mathematical Methods for Business and Economics, Schaums Outline Series, McGraw Hill, 1993.
2) Dowling Edaward.T, Introduction to Mathematical Economics, 2nd/3rd Edition, Schaum's Outline Series, McGraw-Hill, New York, 2003
3) Taro Yamane, Mathematics for Economists: An Elementary Survey, Prentice Hall of India
4) Geoff Renshaw, Maths for Economics, 2/e, Oxford University Press, India
5) Teresa Bradley, Paul Patton, Essential mathematics for economics and business, 2nd ed, Wiley India

6) Barauh.S, Basic Mathematics and Its Application in Economics, Macmillan, 2002.

7) David M. Levineet.al., Quantitative Techniques for Management, 1/e, Pearson Education, ISBN :9788131772485

8) Anderson, Sweeney and Williams, Statistics for Business and Economics, Thomson Education

9) Lind D.A., W.G. Marchal and S.A Wathen., Statistical Techniques in Business and Economics, Tata McGraw Hill, New Delhi

10) Gupta S. P, Statistical Methods, Sultan Chand and Sons, New Delhi.

Assignment / seminar Topics Suggestions

Some assignment / seminar topics are suggested. The purpose of the assignments / seminar topics is desired to be of providing practical exposure to the students.

Functions and Graphs
Let students collect data from a shop and construct a demand function.
Give problems to make students understand how a function is formed from data and how a graph is plotted based on a function.

Meaning of Statistics and Description of Data

Ask students / familiarise students of data sources on Indian Economy. Ask them to do analysis using a calculator or a spread sheet – calculation of percentages, averages, median etc.

Correlation and Regression Analysis

Ask students / familiarise students of data sources on Indian Economy. Ask them to analyse data to workout possible correlation / regression.

Semester III

Course Category: Core Course 4 **Course Title and Code: Modern Banking and Insurance, AECO3B04T** **No. of Credits: 4** **No. of Contact Hours: 72**

Modern Banking and Insurance

Objectives

This course provides students the latest development is the field of banking and financial system. It also helps to familiarise the students with the changing scenario of Indian banking. The insurance part of the course aims at providing a basic understanding of the mechanics of insurance. It explain the concept of insurance and how it is used to cover risk. Some commonly used insurance terms are included. An over view of major life insurances and general insurances products are added as well.

Module -1

Brief history of banking - Unit banking - Branch banking - Mixed banking - Commercial banks - Central bank - Development banks, IFCI, IDBI, SFC - Money market, components and instruments.

Module - 2

Recent trends in banking - e-banking - Internet banking - Debit card - Credit card, ATM, EFTS - RTGS - Tele banking - Social banking - Banking ombudsman - Banking sector reforms-capital adequacy norms - NPA - Consortium banking - cheque truncation system - E - Purse.

Module - 3

Insurance - Definition, Nature, Evolution, Principle, kinds - Types of insurance organisations - Reinsurance

Module – 4 - Risk management

Risk and uncertainty – need for security against economic difficulties - Risk management process – risk management and insurance (loss, permit, risk, hazard / types etc.) – risk management of life insurance companies – insurance company operations.

Module - 4

Life insurance - Kinds of Policies - Term insurance - Whole life - Endowment - Annuities - Surrender - Revival - Loans and claims - Motor insurance - Kinds of policies - Conditions - Settlement of claims - Personal accident insurance - Mediclaim - insurance - Burglary insurance - Fidelity guarantee insurance.

Reference:
1. K.P.M. Sundaram and E.N.Sundaram - Modem Banking - Sulthan Chand and sons - New Delhi.
2. Sekhar and Sekhar - Banking and financial system - Margham publication - Chennai.
3. K.C. Mishra and Mangala Bakshi (2009), Insurance Business Environment and Insurance Company Operations, National Insurance Academy | Cengage Learning, New Delhi.
4. Dr. V.Balu - Banking and financial system Sri. Venkiteswara publications - Chennai.
5.Rejda, Principles of Risk Management and Insurance, 9thEdition, Pearson   Education.
6. Mishra.M.N - Insurance, Principles and practices - Sulthanchand and company New Delhi.
7. Guptha.O.S - Life Insurance - Frank Brothers - New Delhi.
8. Pamda.G.S. - Principles and practise of insurance - Kalyani publishers - New Delhi.

Semester IV

Course Category: Core Course 5 **Course Title and Code: Quantitative Methods for Economic analysis – II,** **AECO4B05T** **No. of Credits: 4** **No. of Contact Hours: 90**

Quantitative Methods for Economic Analysis - II

Introduction:
Economics is increasingly becoming quantitative in nature. Students of economics today need a variety of quantitative skills. Mathematical and statistical skills have also become an essential element in the toolkit for higher education.

Objectives
The students are to develop skills in mathematical and statistical techniques that are required for a meaningful   study of both theoretical and applied economics.

Learning Outcome
This course in quantitative methods will cover the essential topics in mathematics needed for Economic analysis.

Syllabus

Module 1 – Differential Calculus
Limits and Continuity – Differentiation - Rules, Derivative of single variable and multi variable Functions (except Trigonometric and logarithmic Function), Higher Order Derivatives - Maxima and Minima of Functions. Curvature Properties - Convexity and Concavity - Application of derivatives in economics – Marginal Concepts, Elasticity, Optimisation.

Module 2 - Index Numbers and Time Series Analysis
Index Numbers: Meaning and Uses- Unweighted and Weighted Index Numbers: Laspeyre's, Paasche's, Fisher's, Dorbish-Bowley, Marshall-Edgeworth and Kelley's Methods - Tests of Index Numbers: Time Reversal and Factor Reversal tests - Base Shifting, Splicing and Deflating - Consumer Price Index - Stock Price Indices: BSE-SENSEX and NSE-NIFTY.
Time Series Analysis - Components of Time Series - Measurement of Trend by Moving Average and the Method of Least Squares.

Module 3 - Vital Statistics
Vital Statistics: Meaning and Uses- Fertility Rates: Crude Birth Rate, General Fertility Rate, Specific Fertility Rate, Gross Reproduction Rate and Net Reproduction Rate - Mortality Rates: Crude Death Rate, Specific Death Rate, Standardised Death Rate, Infant Mortality Rate and Maternal Mortality Rate - Sex Ratio and Couple Protection Ratio.

Module 4 - Fundamentals of probability*

Basic probability concepts – mutually exclusive and collectively exhaustive events – statistically independent events.

Types of probability –*A Priori* Classical probability – Empirical Classical Probability – Subjective Probability.

Rules of probability – the general addition rule – the general multiplication rule.

Marginal, joint and conditional probabilities – simple (marginal) probability – joint probability – conditional probability.

Bayes' Theorem – general form of Bayes' theorem.

* *Teaching of this module should be focused on theory, only basic type problems are to be included.*

(Note: Question setters may strike a balance between theory and problems. Questions from Statistics and mathematics Part may be in the ratio of 60:40)

References

1) Dowling Edward.T, Mathematical Methods for Business and Economics, Schaums Outline Series,   McGraw Hill, 1993.

2) Dowling Edaward.T, Introduction to Mathematical Economics, 2nd/3rd Edition, Schaum's Outline   Series, McGraw-Hill, New York, 2003

3) Taro Yamane, Mathematics for Economists: An Elementary Survey, Prentice Hall of India

4) Geoff Renshaw, Maths for Economics, 2/e, Oxford University Press, India

5) Teresa Bradley, Paul Patton, Essential mathematics for economics and business, 2nd ed, Wiley India

6) Barauh.S, Basic Mathematics and Its Application in Economics, Macmillan, 2002.

7) David M. Levineet.al., Quantitative Techniques for Management, 1/e, Pearson Education,   ISBN :9788131772485 (Basic reference for module 4)

8) Anderson, Sweeney and Williams, Statistics for Business and Economics, Thomson Education

9) Lind D.A., W.G. Marchal and S.A Wathen., Statistical Techniques in Business and Economics, Tata McGraw Hill, New Delhi.

10) Gupta S. P, Statistical Methods, Sultan Chand and Sons, New Delhi.

Assignment / seminar Topics Suggestions

Some assignment / seminar topics are suggested. The purpose of the assignments / seminar topics is desired to be of providing practical exposure to the students.

Probability

1. Note down the sex of the first child in 30 households known to you as B or G. For families with a second child. Note down the sex of the second child among those a) with B and b) with G. Can you assert that the sex of the first and second children is independent?

2. Note down the arrival time of your classmates nearest to a minute for the first lecture class for 5 days. Prepare a frequency table with a class interval 2 minutes by the time left to the

commencement of the lecture for each day. Compute the probabilities of each class interval on the five days and check whether there is any pattern.

Vital statistics

Visit a large hospital. Talk to the authorities and gather information for the last two years on the details of hospital admissions and deaths by sex, age and cause. Compute and cause specific death rates for this group.

Index Numbers

Consider the list of the following items: rice, wheat, dhal, black gram, ghee, coconut oil, washing soap, bathing soap, milk, coffee, tea, electricity, cloth.

a) List the current retail prices of the items and their monthly consumption in your household. If the item is not used, delete from the list.
b) Have a chat with a grand mother having a sharp memory. Ascertain the prices of the items in the year 1970.
c) Compute the price index number of the current year with 1970 as base by Paasche's method.
d) Interpret the result to the grandmother, of course in a manner she understands.

Time Series

From newspapers note down the minimum and maximum temperature of any particular place for 6 weeks. Represent these data graphically. Estimate the trend by using a suitable model.

Refer periodicals concerned with business and finance and obtain time series data for any two variables of your choice. Analyse them.

Semester IV

> **Course Category: Core Course 6**
> **Course Title and Code: Development of Economic Thought AECO4B06T**
> **No. of Credits: 4**
> **No. of Contact Hours: 72**

a. Introduction :

Development of Economic thought provide the students a systematic narration of the developments in economic literature. It is a chronological or school wise listing of major contributions that took place in the science of economics. This course paper provides the students a critical background of the development of theories and problems of contemporary economics and the same is of much use for grasping the literature pertaining to the related core papers in economics.

b. Objectives

The course is expected to develop a critical and deep understanding of the development of important concepts, theories and ideas of economics

c. Learning outcome

The students will have a thorough understanding of the development of economic ideas. It will also help to understand the theoretical framework of Economics.

d. Syllabus

Module I: Ancient and Medieval Economic Thought: (Weightage 5%)
Introduction to the Subject: Development of Economic Thought. (**A**) **Ancient Economic Thought**-Economic Ideas of Aristotle and Plateau. **(B) Medieval Economic Thought**- Contribution of St. Thomas Aquinas

Module.II: Mercantilism and Physiocracy (Weightage10%)

(a) Mercantilists and their contributions - Thomas Mun- William Petty- Richard Cantillon
(b) Physiocratic School and their contributions - Francois Quesnay and Tableau Economique

Module III: Classical School (Weightage 30%)
Meaning of Classism: Economic philosophy and & Economic policy: Leading Classical Economists: (**A**) **Adam Smith**: Important contributions: Concept of Laissez- faire, Naturalism and Optimism, Theory of Economic growth importance of labour & division of labour, theory of value, Theory of Distribution (**B).Rev. Robert Thomas Malthus:** Important Contributions: Theory of population, Principle of Effective Demand(Market Glut) **(C) David Ricardo :** Theory of Distribution, Theory of Growth, Theory of Value, Ideas on international trade,(**D). J.B. Say** - law of Market (E). J.S. Mill – The Economic Method, Political philosophy and Economic policy, Laws of Production and Distribution, on International trade.(F). Jeremy Bentham – The principle of Utilitarianism.

Module.IV:Critiques of Classical Economic Thought (Weightage 20%)
(A) **The Contribution of Historical, Nationalist and Socialist Critics**: *The German Historical School* : Critical Ideas of Roscher, Hildebrand and Schmoller. *Nationalist Critics*: Adam Heinrich Muller and Friederich List, *Early Socialists*- Saint Simon, Sismondi - *Utopian Socialists* - Robert Owen, Charles Fourier, Louis Blanc and Proudhon (Brief Mentioning only)

(B) Karl Marx: Materialistic interpretation of history, Dialectical materialism, Mode of production and Social formation- Labour Theory of value- theory of Surplus Value, stage theory of Development, theory of Capitalist crisis and disintegration.

Module.V: (Weightage 15%)
(A) Neo-classical School- Utility Theory of Value
Difference between classical and neo-classical approach – important ideas of Jevons, Walras, Menger, Marginalism or Marginal Analysis,

(B) Neo- Classical School – Productivity Theory of Distribution - Marginal productivity theory of Distribution- Contribution of Wicksteed, Marshall, Wicksell and J.B. Clark (Brief Narration)

(C) Important ideas of Austrian School of Thought (A brief narration only in terms of the contribution of Wieser and Bohm Bawerk)

(D)Importance of Alfred Marshall in Neo-classical Economics- Major contribution of Marshall towards the development of Economic Thought – Economic Science and Economic policy, Value and Distribution-General Principle of Demand and Supply , Development of different Tools of Analysis(consumers surplus, concept of elasticity, internal and external economics, representative firm, quasi rent, etc)

Module.VI: Keynes and Post-Keynesians (Weightage 15%)

Keynes and Classics – The General Theory of Employment, Interest and Money(brief ideas on effective Demand, consumption Function, multiplier, investment Function, theory of Interest, Business Cycle, Economic policy- different fiscal tools

Post-Keynesian Developments in Economic Literature– monetarism, rational expectation school, neoliberalism, dependency school and neo-institutionalism (details are not expected, School wise narration only).

Module VII: Indian Economic Thought (Weightage 5%)

A brief account of the contribution of of Kautilya and Thiruvalluvar. Drain theory of Dadabhai Navoroji. Trusteeship and other economic ideas of Gandhiji –Introduce important Indian economist like G.K.Gokhale, M.G Ranade, R.C.Dutt (Just to familiarise)

Reference :

1. Louise Haney - History of economic Thought – Surjith publication New Delhi
2. Eric Roll – History of Economic thought – Faber London
3. Mar Blaug – Economics Theory in retrospect
4. AK Das Guptha – Indian Economic Thought
Ganguli : Indian Economic Thought
5. Brue SL and RR Grant (2007) – The evolution of Economic thought
6. Scrapanti E and S Zamagiri (2005) A n Out line of the Economic thought (OUP New Delhi)
8. Dr.R.R.Paul: History of Economic Thought, kalayani Publications, New Delhi.
9. Robert Lekachmen: History of Economic Thought

Semester V

Course Category: Core Course 7
Course Title and Code: Macro Economics – I, AECO5B07T
No. of Credits: 4
No. of Contact Hours: 108

Macro Economics - I

Introduction:
The study of economics begins with the fundamental ideas of economic actions. The second fundamental course i.e. macroeconomics. I offer the students a view on the economy as a whole. This course will introduce the students to the basic ideas and tools that will be utilized throughout in the other courses of the degree programme.

Objectives :
This course is intended to provide students with the basic ideas in classical and Keynesian macroeconomics.

Learning Outcome :
With this course, students are expected to learn the relationships and ideas in the measurement of national income, the .theory of income determination, fiscal and monetary policies, the government and its role in the functioning of the economy, etc.

Syllabus

Module I: Introduction to Macroeconomics
Scope of macroeconomics, Major macroeconomic issues, Macroeconomic models, Types of variables - stock and flow, endogenous and exogenous, exante and expost. Types of relationships - identities, behavioural relations, technical relations, equilibrium conditions. Methods of analysis - static, comparative static and dynamic – Equilibrium and disequilibrium.

Module II: National Income
National income concepts and their interrelationships –GNP, NNP, GDP, NDP, NI, PI, and DPI. Nominal versus real GNP - Potential versus Actual GNP – Green GNP - GNP deflator National income identity-two sector, three sector and four sector economy- National income and welfare.

Module III: Classical Macroeconomics
Classical macroeconomics, Say's Law of Markets, Wage-price flexibility, Classical model of output and employment, Classical aggregate supply curve. Classical theory of price level determination – Quantity theory of Money – Fisher's Equation of Exchange – Cash Balance Approach, *Classical aggregate demand curve*. Neutrality of Money – Money illusion, Classical dichotomy – Concept of full employment – voluntary unemployment.

Module IV: Keynesian Theory of Income Determination
The background of Keynesian revolution, Aggregate demand and its components, Fundamental Psychological Law – The consumption function — APC and MPC – Saving function – APS and MPS —— Income determination in a two sector and three sector economy, Shifts in aggregate demand and multiplier – Role of government – fiscal policy — Fiscal multipliers – tax multiplier, government expenditure multiplier and balanced budget multiplier – Inflationary and deflationary gaps – The concept of underemployment equilibrium.

Module V: Investment Function
The Investment function – Determinants of investment –MEC, MEI and role of expectations.
Accelerator theory of investment - Tobin's q ratio (Concepts only).

Module VI: Theories of consumption fucnction
The absolute income hypothesis - consumption puzzle, Relative income hypothesis - permanent income hypothesis and Life cycle hypothesis.

References

1 .N Gregory Mankiw (2013)- Macroeconomics, 8th edition,Worth publishers
2. Richard T Froyen (2014) - Macroeconomics, theories and policies; 10th edition, Pearson education
3. Rudiger Dornbusch, Stanley Fischer, arichard Startz (2011) - Macroeconomics; 11th edition, McGrawhill
4. Frederic S Mishkin (2012) -Macroeconomics ,Policy and Practice; Pearson
5. Robert J Gordon (2012)- Macroeconomics;12th edition, Prentice Hall
6. Brian Snowdon and Howard R Vane (2005) - Modern Macroeconomics, its origin, development and   current state; 2nd edition, Edward Elgar
7. Paul Krugman and Robin Wells (2012) - Macroeconomics;2nd edition, Worth publishers
8. Edward Shapiro (1982)- Macroeconomic analysis; 5th edition, galgotia publications
9. Thomas F Dernberg (1985) – Macroeconomics, 7th edition, McGraw-Hill
10. Suraj B Gupta (1982) - Monetary economics, institutions,theory and policy, S. Chand
11. Frederic Mishkin (2008)- The Economics of Money, Banking and Financial Markets, 8th edition , Pearson
12. R. Glenn Hubbard and Anthony Patrick O'Brien (2007) – Macroeconomics, Pearson education

Note: Case study analysis may be included while teaching various topics, wherever relevant.
This may be used for assignments and internal examinations only.

Semester V

> **Course Category: Core Course 8**
> **Course Title and Code: India's Economic Development: National and Regional, AECO5B08T**
> **No. of Credits: 4**
> **No. of Contact Hours: 108**

India's Economic Development: National and Regional

Objectives

To expose the learners to some of the key issues facing the Indian economy both at national and regional levels. In this process, as young adults, students are expected to be sensitised about these

issues, appreciate and learn to critically assess the role of the government in various economic spheres. The learners are also exposed to numerical information relating to various aspects of Indian economy and India's economic policies. They are expected to develop analytical skills, interpret the economic events and visualise the economic future of India. For all these to happen, teachers are requested to take special care to instruct the students to read the

suggested reference books, collect clippings and articles from news papers and magazines and also develop the habit of following economic survey, economic review and RBI Bulletin. Besides, as against the conventional assignments, each module has **'Suggested Additional Activities'** at the end. Teachers need to encourage the learners to explore beyond the texts while attempting these activities.

Report Based on Study Tour: *A study tour is recommended because it may add direct experience to learners about different economic culture of the country. All the final year students need to prepare a report of the tour that includes the places they visited, its importance etc and submit it to the Head of the Department soon after the completion of the tour.*

Module I - Development Policies and Experience (1947-1990).

Low Level of Economic Development under the Colonial Rule- Development and Structural Change of Indian Economy Since Independence: Economic policies Perused between 1950's and 1980's: Mixed Economic framework; Market intervention policy and import substitution; Objectives and strategy of planning: Failures and achievements of plans – Performance of 11th plan – Current plan.

Suggested Additional Activities
1. Find out and prepare a list of items that India used to import and export during 1950-51 and 1990-91
a. Observe the difference
b. Do you see the impact of self reliance? Discuss. Details can be collected from latest Economic Survey.
2. Find out the Deputy Chairman and members of the first Planning Commission of India
3. Find out the commodities which India Government permitted to import till 1980.
4. Explain how import substitution can protect domestic industry?

Module II - Economic Reforms since 1991
Background for the introduction of New Economic Reforms of 1991; Liberalisation, Privatisation and Globalisation: An Appraisal- Indian Economy during Reforms with Special focus on trends in FDI, FII and Disinvestment- Centre-State Financial Relations: Finance Commission, its structure and Functioning (with emphasis on Latest Finance Commission).

Suggested Additional Activities
1. Prepare arguments for and against subsidies. Explain your view.
2. Do you think only loss making companies should be privatised? Why?
3. Construct a pie chart for the sectoral contribution of GDP for the period1950-51 and 2012- 13. What would you observe? Is there a structural change? Explain in your own words

4. Prepare a list showing the latest data on the number of banks- nationalised, private, private foreign and New Generation Banks.
5. Discuss the different formulae used for Finance Commission awards.
6. Find out who all are there in the First Finance Commission of India?

Module III - Gross Domestic Product and Sectors.
  a. Indian Agriculture: The place of Agriculture in the National Economy; Recent Trends in Investment, Credit and Agricultural Subsidy Policy, Agricultural Marketing and Price- New Agricultural Strategy of 1960s (Green Revolution)- Food Security, PDS and TPDS in India; The Need, Scope and Appraisal of Land Reforms in a Developing Country like India.
b. Indian Industries: Review of Industrial Growth under Planning- Industrial Structure: Traditional, SSI, Village, Cottage and Modern Industries- Industrial Sickness-Industrial Policy Resolutions: 1956, 1977, 1980, 1991; an Analysis of Current Industrial Policy- Infrastructure Development in India.

Suggested Additional Activities.
1. Why, despite the implementation of green revolution, 65% of our population continued to be engaged in the agricultural sector till 1990?
2. Why was public sector given a leading role in industrial development during the plan period?
3. „Losses incurred by public sector undertakings are to be met out of the public budget‟- Do you agree with this statement? Discuss.
4. Find out the method of estimating inflation in India. Compare it with other countries.

Module IV Current Challenges Facing the Indian Economy.
 a. Poverty: Who are Poor?, Causes and Measurement of Poverty, Number of Poor in India; Policies and Programmes Towards Poverty Alleviation with Special Emphasis on Recent Policies like- Food as a Right: The Food Security Act of 2013 & MGNREGS.
b. Unemployment: Nature, Trends and Estimates of Unemployment in India, Informalisation of Indian Work Force; Employment Prospective of the latest Five Year Plan; Recent Schemes to Reduce Unemployment and Underemployment.

Suggested Additional Activities.
1. Find out from your parents and teachers types of tax payments they are making. Classify the taxes and observe the differences.
2. On the basis of the definition of poverty line, analyse whether categorisation of
people into BPL/APL is done in the correct way. Explain in your own words.
3. Analyse whether the dream programme of MGNREGP is carrying out in the
right way. If „No‟, suggest ways to make the programme more effective.
4. In some communities, you might have noticed that even if the males do not
earn high income, they do not send women to work. Why?
5. Prepare a list of recent schemes and objectives to strengthen the rural areas
from the government website *http://www.rural.nic.in*

Module V Kerala's Economic Development
Growth and Structure- Primary, Secondary and Tertiary Sectors-Economic
Development Vs Social Development-Poverty Profile of Kerala- Indicators of Human

Development: PQLI and HDI- Demographic Transition of Kerala- Trends in Employment and Unemployment in Kerala- Sustainability of "Kerala Model of Development" with a Special Mention on Recent Sen- Bhagawati Debate- Decentralised Planning and Development of Kerala- Land Reforms in Kerala- Migration: Concepts in Migration- Emigration to the Gulf- Remittance and its Impact on the Economy of Kerala- Return Migration: Causes, Problems and Policies.

Suggested Additional Activities.
1. Find out the history of emigration from Kerala.
2. „Foreign remittance is the backbone of Kerala‟s socio-economic development‟‟. Discuss.
3. What is Nitaqat and Saudization? In what ways it is harmful to the economy of Kerala.
4. Find out the reasons for the existing controversy in poverty estimation.
5. Observe the functioning of „ayalkoottams‟‟ (SHGs) in your locality and write how far it is successful in empowering women.

Basic Readings
1. ECONOMIC DEVELOPMENT IN INDIA-Problems and Prospects, N.P. Abdul Azeez (Ed), Regal Publications, New Delhi.
2. Indian Economy, Gopalji Gupta, PEARSON, New Delhi.
3. Ahulwalia, I.J. and I.M.D. Little (Eds) (1999), *India's Economic Reforms and Development*, (Essays in honour of Manmohan Singh), Oxford University Press, New Delhi.
4. Bardhan, P .K. (1999), The Political Economy of Development in India, Oxford University Press, New Delhi
5. Chakravarty S, (1987), Development Planning: The Indian Experience, Oxford University Press, and New Delhi
6. Acharya Shanker, Mohan Rakesh (Eds) (2011), India‟s Economy: Performance and Challanges, Oxford University Press, New Delhi
7. Uma, Kapila (2013), Indian Economy: Performance & Policies, Academic Foundation, New Delhi.
8. Amit Badhuri, Development with Dignity (2005), NBT New Delhi.
9. Brahmananda, P.R. and V.R. Panchmukhi (Eds) (1987), *The Development Process of Indian Economy*, Himalaya Publishing House, Bombay.
10. M.P Todaro, Economic Growth (2nd Edition), PEARSON, New Delhi
11. Jalan, B. (1992), The *Indian Economy – Problems and Prospects,* Viking, New Delhi.
12. Joshi, V. and I.M.D. Little (1999), *India: Macro Economics and Political Economy*, 1964-1991, Oxford University Press, New Delhi.
13. Kaushik Basu (Ed) (2004), *India's Emerging Economy*, Oxford University Press, New Delhi.
14. Centre for Development Studies, 1977, Poverty, Unemployment and Development Policy: A case study of selected issued with reference to Kerala, Orient Longman, Bombay.
15. B.A. Pakash (Ed) 2004, Kerala‟s Economic Development: Performance and Problems in the post liberalization period, Sage Publications, New Delhi.
16. B.N Ghosh &Patmaja D. Namboodiri, 2009 (Eds),The Economy of Kerala Yesterday, Today and Tomorrow, Serial Publications, New Delhi.
17. K.C. Zachariah, K.P. Kannan, S. Irudaya Rajan, 2002 (Ed). Kerala‟s Gulf Connections, C.D.S, Trivandrum.

18. Rajasenan, D. and Gerard De Groot (Ed) 2005, Kerala Economy: Trajectories, Challenges and Implications, CUST, Kochi.

Semester V

> **Course Category: Core Course 9**
> **Course Title and Code: Economics of Capital Market, AECO5B09T**
> **No. of Credits: 4**
> **No. of Contact Hours: 90**

Economics of Capital Market

Learning Objective:

In the present Globalised world financial institutions and markets play a significant role. The financial sector liberalization across the world including India has led to unprecedented growth in the financial sector, especially capital market, leading to the introduction of new and diversified financial instruments and financial practices, providing ample career opportunities to the students of economics. This course is designed to give an exposure to the students of economics to the changing world of financial markets and to give them an opportunity to familiarize with the basic concepts related to capital market which they read in newspapers and hear and see through electronic media in their daily walks of life, and to understand the economics of capital market. The course also aim at providing a platform to students of economics in developing the skills required to take up a career in financial sector and to provide them an opportunity to think of higher studies in finance which may open them the vast career opportunities in the field of finance.

Module I – Financial Assets

Financial Assets – Tangible and Intangible Assets – Debt Vs Equity – Properties of Financial assets – Financial markets – Classification of Financial Markets – Financial System and Economic Development – Weakness of Indian Financial System.

References:

1. Frank J. Fabozzi and Franco Midiglian, "Capital Markets – Institutions and Instruments", Pearson Prentice Hall, New Delhi (Latest Edition).
2. Gordan K. Natarajan , "Financial Markets and Services", Himalaya Publishing House, Mumbai (Latest Edition).

Module II – Capital Market

Capital market – Meaning, Characteristics and Functions – Importance of Capital Markets in an economy – The structure of Indian capital market – Capital market instruments – Equity shares (rights shares, bonus shares, bluechip shares), Debentures or Bonds (Convertible, non-convertible, partly convertible, fully convertible, redeemable and irredeemable), Government securities, Euro Issues – GDRs, ADRs, Foreign Currency Convertible Bonds (FCCB) – Capital Market Institutions – DIIs, FIIs, Mutual Funds – Securities and Exchange Board of India (SEBI) – Objectives, Functions and Powers.

References:

1. S. Gurusamy, 'Capital Markets', Vijay Nicole Imprints Private Limited, Chennai (Latest edition)
2. Shashi K Gupta, Nisha Aggarwal and Neeti Gupta, 'Financial Markets and Institutions, 'Kalyani publishers, New Delhi (Latest edition)
3. M.Y. Khan, 'Indian Financial System', Tata McGraw Hill Education Private Limited, New Delhi (Recent edition)
4. Online Resource: www.sebi.gov.com

Activities/Assignments:

1. Students may be asked to note down the important mutual funds operating in India and different schemes offered by some of them and their descriptions. (eg: Growth Funds, Open end Funds etc.)

Module III – The Primary Market (New Issues Market)

Meaning and Functions of Primary Market – Methods of Floating New Issues – Pure Prospectus method, Private Placement Method, IPO Method, Rights Issue Method, Bonus Issue Method, Book Building Method, Employee Stock Option (ESOP) – Intermediaries in New Issues Market – Merchant Bankers/Lead Managers, Registrars to an Issus, Underwriters, Bankers to an Issue, Brokers to an Issue, Debenture Trustees – Causes for Poor performance of New Issues Market.

References:

1. S. Gurusamy, 'Capital Markets', Vijay Nicole Imprints Private Limited, Chennai (Latest edition)
2. Shashi K Gupta, Nisha Aggarwal and Neeti Gupta, 'Financial Markets and Institutions, 'Kalyani publishers, New Delhi (Latest edition)
3. S. Gurusamy, 'Financial Markets and Institutions', Vijay Nicole Imprints Private Limited, Chennai (Latest edition)
4. S.N. Sasidharan and S. Aiyappan Pillai, 'An Introduciton to Capital Market', Right Publishers, Kudavechoor (Latest edition)
5. L.M. Bhole, 'Financial Institutions and Markets-Structure, Growth and Innovations', Tata McGraw Hill Publishing Company Limited, New Delhi (Latest edition)

Activities/Assignments:

1. Show specimen of share application form (IPO) and ask the students to note down the important terms mentioned in the form. Tell them to write down the meaning of all such terms (eg: QIB, Retail Investor, Cap Price etc) and institutions related to IPO.
2. Ask the students to fill up the share application form so as to acquire some practical skills in the subject.
3. Students may be introduced to a specimen of Demat Account opening Form. (Available with DPs like Geojith Securities, JRG Securities, Stock Holding Corporation of India or other Stock Broking firms)

Module IV – The Secondary Market – Stock Exchanges

The Secondary Market – Difference between Primary market and Secondary Market – Listing of Securities – Physical Shares and Demat Shares – Depository Participant (DP) – NSDL and CSDL – Meaning and Definition of Stock Exchanges – Functions of Stock Exchanges – Origin and Development of Stock Exchanges in India – Bombay Stock Exchange (BSE) - National Stock Exchange (NSE) – Over the Counter Exchange of India (OTCEI) – Stock Market Index in India and Abroad: SENSEX and Nifty – NASDAQ, DOWJONES, FTSE, Nikkei.

References:

1. S. Gurusamy, 'Capital Markets', Vijay Nicole Imprints Private Limited, Chennai (Latest edition)
2. Shashi K Gupta, Nisha Aggarwal and Neeti Gupta, 'Financial Markets and Institutions, 'Kalyani publishers, New Delhi (Latest edition)
3. S. Gurusamy, 'Financial Markets and Institutions', Vijay Nicole Imprints Private Limited, Chennai (Latest edition)
4. S.N. Sasidharan and S. Aiyappan Pillai, 'An Introduciton to Capital Market', Right Publishers, Kudavechoor (Latest edition)
5. L.M. Bhole, 'Financial Institutions and Markets-Structure, Growth and Innovations', Tata McGraw Hill Publishing Company Limited, New Delhi (Latest edition)
6. Online resources: i) www.nseindia.com   ii) www.bseindia.com

Activities/Assignments:

1. Ask students to visit SEBI website and collect data on purchase, sale and net investment in equity and debt instruments by FIIs in Indian Stock Market (Also available in financial dailies like Economic Times, Businessline etc.)
2. Ask students to visit the BSE website and note down the shares of companies included in SENSEX and their relative weightage in the index.
3. Ask students to visit the NSE website and note down the shares of companies included in NSE Nifty and their relative weightage in the index.
4. Students may be asked to find out other different indices published by BSE and make a short note of these indices from BSE website (eg: BSE PSU Index, BSE TECH Index etc.
5. Students may be directed to study the share holding pattern of some of the shares of companies listed at BSE or NSE. (Available also at www.moneycontrol.com)

Note:
1. Students may be motivated to read financial dailies like Economic Times, Business Line, Business Standard, Dhanam etc regularly in order to get a proper understanding of the terms and concepts and the working of capital markets.
2. Students may be encouraged to watch exclusive financial channels like CNBC TV 18, NDTV PROFIT etc, to get an idea of stock trading and capital market activities.
3. If possible students may be taken to a stock trading terminal so as to get an idea of the online buying and selling of shares.

Additional Reading:

1. M. Y. Khan, 'Indian Financial System', Tata McGraw Hill Education Private Limited, New Delhi (Latest Edition)
2. L.M. Bhole and Jitendra Mahakud, 'Financial Institutions and Markets – Structure, Growth and Innovations', Tata McGraw Hill Educaiton Private Limited, New Delhi (Latest Edition)
3. Bharathi V. Pathak, 'The Indian Financial System – Markets, Institutions and Services, Pearson, New Delhi (latest edition)
4. K.L. Garg, 'Stock Exchanges in India', Bookland Limited, Calcutta.
5. V.A. Avadhani, 'Investment and Securities Market in India', Himalaya Publishing House, Bombay (Latest edition)

Semester V

Course Category: Core Course 10   **Course Title and Code: International Economics, AECO5B10T**   **No. of Credits: 4**   **No. of Contact Hours: 90**

International Economics

Introduction:

International economics deals with the economic relations among nations --- both trade and financial relations—A good understanding in international economics is necessary for a student of economics and those who wish to work in these areas or governmental organizations.

Objectives:

The basic aim of this introductory course on international economics is to present before the students the questions, and answers, related to international economic relations.

Learning Outcome:

The students are expected to acquire skill that will help them to take rational decisions in issues related to international economics.

SYLLABUS

Module I – Introduction to International Economics:

Subject matter and importance of International Economics - Internal trade and International trade - Importance of International trade – International trade and economic development – Basic concepts- Terms of trade.

Module II --- Theories of International Trade:
Mercantilist approach to trade - Classical Theory: Absolute and Comparative Cost Advantage theories - Hecksher – Ohlin Theory and Leontief Paradox.

Module III: Theory of Commercial Policy:
Free trade - Arguments for and against free trade – Protection - Arguments for and against protection - Methods of Trade Restriction : Tariff and non-tariff trade barriers - Types of tariffs – Quotas : Its Effects on trade –New protectionism - export subsidy and countervailing duties -

Dumping and anti-dumping duties – Economic Integration – WTO, EU, NAFTA, ASEAN, SAARC –Trade Liberalization - financial globalization and financial crises.

Module IV --- Foreign Exchange:

Foreign exchange market – functions - Defining foreign exchange and exchange rate – Exchange rate concepts – exchange rate changes (devaluation, revaluation, depreciation, appreciation overvaluation and undervaluation) – Different systems of exchange rate determination - fixed and flexible exchange rate – Hybrid exchange rate systems – Managed floating – Theories of exchange rate – Mint Parity theory – Purchasing Power Parity Theory – Balance of Payments Theory - Components of Foreign exchange .

Module V --- Balance of Payments:

Defining Balance of Trade and Balance of Payments - Structure of balance of payments –

Equilibrium and disequilibrium in BOP – Measures to correct BOP disequilibrium – India's BOP since 1991 – International financial flows – FDI-FPI –FII-Currency Convertibility – IMF-Role and Functions.

Reference:
1. Salvatore, Dominick, 'International Economics', Weily India, New Delhi.
2. C.P. Kindle Berger, 'International Economics'
3. Bo Soderstein and Geoffrey Reed, 'International Economics', Macmillan
4. Carbaugh, 'International Economics', Cengage Learning
4. Francis Cherumilam - 'International Economics'
5. Mannur, H.G. 'International Economics'
6. Errol D'Souza, 'Macro Economics', Pearson Education 2008 (For BOP in India)
7. RBI Bulletin, Various issues.

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Semester VI

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Course Category: Core Course 11 **Course Title and Code: Macroeconomics – II, AECO6B11T** **No. of Credits: 4** **No. of Contact Hours: 90**

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Macroeconomics- II

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Introduction:
Policy makers all over the world use macroeconomic theories and related empirical results to frame policies. Similarly, business firms, use these theories and results to formulate their strategies. A sound understanding of macroeconomic principles and their applications is essential for students of Economics.

Objectives:
The objective is to familiarise the students in the application of principles of macroeconomic analysis to the day-to-day decision-making in the aggregate economy.

Learning Outcome :
This course is expected to develop skill in economic reasoning, This vital skill is expected to help them in understanding and solving aggregate economic problems.

Syllabus

Module I: Theories of Money
Nature and Functions of Money, Types of Money, Near money, Measures of money supply in India. Inside money and outside money. Theories of Supply of money - Defining supply of money - Measuring supply of money - High powered money and money multiplier. Theories of Demand for money - Defining demand for money - Classical theory of demand for money Friedman's re-statement of Quantity Theory of Money – Keynes's Liquidity Preference theory, Liquidity Trap and its implications for monetary policy. Keynesian theory of interest rate determination.

Module II: Theories of Inflation and Unemployment
Inflation – Definition - Types of Inflation - Measurement of inflation in India - Effects of inflation-Sacrifice ratio-Inflationary gap-Theories of inflation- Demand pull versus cost push inflation-Inflation and the interest rate. Fisher effect. Costs of inflation. Costs of expected inflation-shoe leather cost and menu cost. Cost of unexpected inflation. Hyperinflation Measures to control inflation-Meaning and types of unemployment - Cost of unemployment and Okun's law. Inflation, unemployment and the Phillips curve – Long run Phillips curve- Stagflation

Module III: Macro economic Instability and Policy:
Business Cycle- meaning- types and phases- Theories of trade cycles. Policy measures-Monetary, fiscal, and income policy - Meaning and Instruments.

Module IV: IS LM curve model
IS-LM curve model – Derivation of the IS and LM curves - Integration of Real and Monetary Sectors -. Factors determining the slope of IS and LM curves. Factors determining the shift in IS and LM curves. Fiscal and monetary policy in the IS LM curve model.

References:
1 .N Gregory Mankiw (2013)- Macroeconomics, 8th edition,Worth publishers
2. Richard T Froyen (2014) - Macroeconomics, theories and policies; 10th edition, Pearson education
3. Rudiger Dornbusch, Stanley Fischer, arichard Startz (2011) - Macroeconomics; 11th edition, McGrawhill
4. Frederic S Mishkin (2012) -Macroeconomics ,Policy and Practice; Pearson
5. Robert J Gordon (2012)- Macroeconomics;12th edition, Prentice Hall
6. Brian Snowdon and Howard R Vane (2005) - Modern Macroeconomics, its origin, development and   current state; 2nd edition, Edward Elgar
7. Paul Krugman and Robin Wells (2012) - Macroeconomics;2nd edition, Worth publishers
8. Edward Shapiro (1982)- Macroeconomic analysis; 5th edition, galgotia publications
9. Thomas F Dernberg (1985) – Macroeconomics, 7th edition, McGraw-Hill

10. Suraj B Gupta (1982) - Monetary economics, institutions,theory and policy, S. Chand
11. Frederic Mishkin (2008)- The Economics of Money, Banking and Financial Markets, 8th edition , Pearson
12. R. Glenn Hubbard and Anthony Patrick O'Brien (2007) – Macroeconomics, Pearson education

Note: Case study analysis may be included while teaching various topics, wherever relevant. This may be used for assignments and internal examinations only.

<u>**Semester VI**</u>

Course Category: Core Course 12   **Course Title and Code: Mathematical Economics, AECO6B12T**   **No. of Credits: 4**   **No. of Contact Hours: 90**

<u>**EC6 B12, Mathematical Economics**</u>

Introduction

Mathematical economics is an approach to economic analysis where mathematical symbols and theorems are used. Modern economics is analytical and mathematical in structure. Thus the language of mathematics has deeply influenced the whole body of the science of economics. Every student of economics must possess a good proficiency in the fundamental methods of mathematical economics. One of the significant developments in Economics is the increased application of quantitative methods and econometrics. A reasonable understanding of econometric principles is indispensable for further studies in economics.

Objectives

This course is aimed at introducing students to the most fundamental aspects of mathematical economics and econometrics. The objective is to develop skills in these. It also aims at developing critical thinking, and problem-solving, empirical research and model building capabilities.

Learning Outcome

The students will acquire mathematical skills which will help them to build and test models in economics and related fields. The course will also assist them in higher studies in economics..

Syllabus

Module I. Introduction to Mathematical Economics   *(10 % weightage)*

Mathematical Economics: Meaning and Importance- Mathematical Representation of Economic Models- Economic functions: Demand function, Supply function, Utility function, Consumption function, Production function, Cost function, Revenue function, Profit function, saving function, Investment function

Module II. Marginal Concepts *(25 % weightage)*

Marginal utility, Marginal propensity to Consume, Marginal propensity to Save, Marginal product, Marginal Cost, Marginal Revenue, Marginal Rate of Substitution, Marginal Rate of Technical Substitution. Relationship between Average Revenue and Marginal Revenue- Relationship between Average Cost and Marginal Cost - Elasticity: Price elasticity, Income elasticity, Partial elasticity- Revenue and elasticity - output elasticity and elasticity of substitution.

Module III. Optimisation *(25 % weightage)*

Optimisation of single / multi variable functions – Unconstrained Optimisation - Constrained optimisation with Lagrange Multiplier – significance of Lagrange Multiplier. Equilibrium of Consumer: Utility Maximisation, Equilibrium of Producer : Output Maximisation, cost Minimisation and profit maximisation

Module IV Production Function, Linear Programming and Input Output analysis *(25 % weightage)*

Production function- homogeneous and non-homogeneous. Degree of homogeneity and returns to scale - Cobb-Douglas production function: Properties- Euler's theorem

Linear programming: Meaning – Assumption – Duality- Solution: Graphical method, Simplex Method (Two variables only) : Maximisation

Input-output analysis – Open and Closed : Technical coefficients – the Leontief matrix – computation of total Output for a two and three sector economy – Test of Viability – Hawkin Simon condition.

Module V. Market Equilibrium *(15 % weightage)*

Market Equilibrium: Perfect Competition- Monopoly- Discriminating Monopoly

Reference:

1. Dowling E.T, Introduction to Mathematical Economics, 2nd Edition, Schaum'sOutline Series,
 McGraw-Hill, New York, 2003(ETD)
2. Chiang A.C. and K. Wainwright, Fundamental Methods of Mathematical Economics,
Tata McGraw-Hill Education; Fourth edition (2013)

3. Henderson, J. M. and R.E. Quandt (1980), Microeconomic Theory: A Mathematical Approach, McGraw Hill, New Delhi.
4. James Bradfield , Jeffrey Baldani, An Introduction to Mathematical Economics, Cengage Learning India Pvt Ltd (2008)
5. Bressler, Barry, Unified Introduction to Mathematical Economics, Joanna Cotler Books
6. A. Koutsoyiannis, Modern Microeconomics, Palgrave Macmillan; 2nd Revised edition edition (2003)*(– see mathematical appendices for each topic given at the bottom of the page)*

Semester VI

> **Course Category: Core Course 13**
> **Course Title and Code: Public Finance, AECO6B13T**
> **No. of Credits: 4**
> **No. of Contact Hours: 90**

Public Finance

Introduction :
Public finance or fiscal economics deals with the fisc of the country. It is related to decision making in the public sector or finance of the governmental agencies. A training in public finance will help students in decision making and in higher studies.

Objectives :
The basic aim of this course is to introduce students to the application of the techniques, methods and principles of Economics to decision making in public finance.

Learning Outcome :
The students are expected to learn how the principles of economics can be applied to sound decision making in public finance. They are expected to learn all the important economic issues that government agents face.

Syllabus

Module 1: Origin, growth, meaning and scope of public finance- Public and private finance-Principle of MSA-Public goods and private goods-mixed goods and merit goods (concepts only with examples)

Module 2: Public expenditure and cost benefit analysis – meaning and importance of public expenditure with special reference to India-Wagner's, Peacock-Wiseman Hypothesis-Canons of Public expenditure-effects of public expenditure on the economy of India-investment evaluation, project evaluation and cost benefit analysis with suitable examples.

Module 3: Public revenue and Income tax calculation- Sources of Public revenue-tax and non tax-classification of taxes-canons and principles of taxation- Ability to pay- cost of service and Benefit- impact, incidence and shifting of tax burden- effects of taxation- major taxes in India like income tax, VAT , GST- calculation of personal and corporation of personal and corporation income tax(with suitable examples).

Module 4: Public Debt and Budget in India- Public Debt and Debt management in India- Debt redemption- Budgeting in India- importance-types- Principles- procedures of budgeting- revenue and capital budgets- zero base budgeting- performance budgeting- primary deficit- revenue and capital deficit- budget deficit- fiscal policy with reference to India- contra cyclical fiscal policy- deficit financing and black money in India.

Module 5: Federal and local finance in India- meaning and importance- function of finance commissions- jurisdictions of finance commission – centre, state financial relations- local finances-functions and revenues.

Assignments and Seminars

1. Discuss recent central, state and local government's budget.
2. Calculate income tax of an employee.
3. Prepare and calculate corporation tax of a company.
4. Visit any project in the locality and calculate cost benefit analysis.
5. Discuss about local finance and project.
6. Study about war finance.
7. Consider parallel economy of India.
8. Impact of revenue and expenditure of immigrants and emigrants on the economy of Kerala.
9. Fiscal and monetary policy of India.
10. Discuss Railway Budget.
11. Changes in the financial system of post reform in India.
12. Social Audit system and Reforms of UPA Government.

References:

1. Musgrave and Musgrave
2. Public Finance by Um Kapila
3. Public Finance by Dutt and Sundaram
4. Public Finance by K.K. Dewett.

Semester VI

Course Category: Core Course 14
Course Title and Code: Development Economics, AECO6B14T
No. of Credits: 4
No. of Contact Hours: 90

Development Economics

Introduction :
This course on the political economy of development and planning attempts to answer questions related to economic development in a comprehensive manner. Students who wish to take up position in formulation and implementation of public policy must have a reasonably good understanding of its political economy aspects

Objectives :
The main. objective of this course is to introduce the students of such fundamental topics   in development and planning with their inter relations. This course is expected to provide students a comprehensive approach towards issues related to development and planning.

Learning Outcome :
The students are expected to develop an interrelated to approach to resource use, the relationship between man and man and man and nature.

Syllabus

Module I: Perspectives on Development Economics
Why study Development economics?- Meaning of Growth and Development-measurement of Development – Alternative measures of development: GDP, PCI, PQLI, HDI, HPI, GDI, GEM, Multi Dimensional Poverty index etc - (15 hours)

Module II
Development and Under Development
Meaning of under development - Characteristics of underdeveloped countries- prominence of agriculture- disguised unemployment- population Growth - poor quality of education- underdeveloped natural resources- economic backwardness- lack of capital formation- technological backwardness- vicious circle of poverty. (10hours)

Module lll: Theories of Development
Rostows stages of growth theory – Lewis theory of surplus Labour- Balanced versus Unbalanced growth theory, Low-level equilibrium trap, , critical minimum effort, Big Push theory. (25 hours)

Module III: Economic Planning
Concept, meaning and types of planning, techniques of planning , shadow prices, project evaluation and cost benefit analysis- The concept of capital output ratio, labor intensive techniques- capital intensive techniques-linear programming and input output analysis(concepts only)- planning and market economy- relevance of planning in the context of globalization (25 hours)

Module IV: Current issues in development

Poverty – measurement and classification, Inequality and its measurement (Kuznet's Ratio, Lorenz curve and Gini coefficient), Gender issues – the concept of missing women. Environment versus development – the concept of sustainable development, limits to growth, global warming.
(15 hours)

References Books
1. Amartya kumar Sen, *Growth Economics,* Penguin Education,1970
2. Daron Acemoglu, *Introduction to modern economic growth*, 2008, Princeton university press
3. A N Agarwala and S P Singh, *The economics of underdevelopment*, Oxford university press, 1958.
4. Neri salvadori, *Old and New growth theories An Assessment*, Edward Elgar Publishing limited, 2003
5. A P Thirlwall, *Growth and development, With special reference to developing countries,* (8 ed), Palgrave Macmillian, 2006
6. Debraj Ray, *Development Economics,* Oxford university press, 2009.
7. Partha Das Gupta, *Economics A very short introduction*, OUP, 2007.
8. Kaushik Basu, *The new oxford companion to Economics in India*, OUP, 2012.
9. M.A Oommen(ed), *Kerala's development experience Volume I&II,* Institute of social sciences.
10. B A Prakash(ed), *Kerala economy problems and prospects*, sage publications, New Delhi.
11. Utsa Patnaik, *Poverty Trends in India 2004-05 to 2009-10,Updating Poverty Estimates and Comparing Official Figures,* Economic and Political Weekly, vol-XLVIII No.40,October 05,2013.
12. Utsa Patnaik, *Trends in urban poverty under economic reforms: 1993-94 to 2004-05*, Economic and Political Weekly, vol-XLV No.4, January 23, 2010.
13. Kaushik Gangopadhyay and Kamal singh, Extent *of poverty in India A different Dimension,* Economic and Political Weekly, vol-XLVIII No.06, February 09, 2013
14. Radhicka kapoor, *Inequality matters*, Economic and Political Weekly, vol-XLVIII No.02, January 12, 2013
15. Himanshu, *Towards new poverty lines for India*, Economic and Political Weekly, vol-XLV, No.01, January 02, 2010
16. Partha Das Gupta, *Nature of economic development and economic development of nature,* Economic and Political Weekly, vol-XLVIII No.51, December 21, 2013
17. Prachi Mishra, *Has India's growth story withered?,* Economic and Political Weekly,volXLVIII No.15, April 13, 2013
18. Pulapre Balakrishnan, *Economic Growth in India: History and prospect*, Oxford University Press, 2010.
19. Prabahath Patnaik, *Economic growth and employment,* Economic and political weekly, Vol: XLV1, No: 26-27, June 25, 2011.
20. Amitava Bose, *The analytics of changing growth rates*, Economic and political weekly,Vol: XLV, No: 28,July 10, 2010.
21. Jean Dreze and Reetika Khera, *The BPL census and Possible alternative*, Vol:XLV, No: 9,February 27, 2010.
23. Michael P Todaro and Stephen C Smith, Economic Development (8th ed), Pearson Education Ltd, 2009.

Semester VI

Project Work AECO6B15D

Detailed guidelines for the conduct of the project work are presented seperately.

OPEN COURSES
(for Non-economics Students)
Semester V

Economics in Everyday Life

> **Course Category: Open Course**
> **Course Title and Code: Economics in Everyday Life, AECO5D01T**
> **No. of Credits: 2**
> **No. of Contact Hours: 36**

Objective of the course: This course is an open course which will be offered to only those students for whom Economics is not the core course. The purpose of this paper is to introduce a non-economics students to the subject matter of economics by familiarising with the most basic concepts of economics. Special attention is given to include concepts that are used in everyday life.

Note to faculty / question paper setter: This paper is intended for those students for whom their core subject is not Economics. The purpose of this paper is to familiarise non-economics students with the concepts of economics used in daily life. In-depth study of each topic is not expected. Only definition of each term / understanding of the concept is expected. Detailed study of the theory or in-depth diagrammatic analysis of any topic is not to be undertaken.

Module 1: Basic Concepts and the Methods of Economics

What is economics- Definitions of economics- Basic problems of an economy- how the basic problems are solved by different economic systems – Microeconomics and Macroeconomics

Module 2: Microeconomic Concepts

Demand –demand function, demand schedule, demand curve. Supply –supply function, supply curve- market equilibrium.

Elasticity: price, income, cross - Determinants of elasticity.

Competition Vs. Monopoly. Multinational Corporations. Cartels – Mergers – Acquisitions

Module 3: Macro Economic Concepts

National income - GNP, GDP, Per Capita income. Fiscal and monetary policies: meaning and instruments, bank rate, repo rates, reverse repo rate. (concepts only)

Inflation – meaning, types and effects.

Budget - Revenue Expenditure and capital expenditure – Deficit: Revenue Deficit, Fiscal Deficit.

Balance of trade and balance of payments - Current account and capital account

FDI and FPI

Reference

1. Dominick Salvatore : Microeconomics : Theory and Applications',:Oxford University press, Newdelhi
2. Robert Y Awh:Micro Econmics:John Wiley and sons
3. Gregory Mankiw, 'Macro economics' – 6th Edn. Tata McGraw Hill. 3. Errol D'Souza – 'Macro Economics' – Pearson Education 2008.
4. B. Alvin Prakash, 'The Indian Economy Since 1991: Economic Reforms and Performance',
5. Pearson Education India
6. Subrato Ghatak 'Introduction to Development Economics' - Routledge
7. Lekhy -Public Finance and Public Economics – Kalyani publications
8. Indian Economy Since Independence 24/ed , Kapila U, Academic Foundation, New Delhi
9. Oxford Dictionary of Economics
10. The Penguin Dictionary of Economics
11. The New Palgrave Dictionary of Economics
(http://www.dictionaryofeconomics.com/dictionary)

ELECTIVE COURSE
(for Economics Students)
Semester VI
Economics of Business and Finance

Course Category: Elective Course
Course Title and Code: Economics of Business and Finance, AECO6E03T
No. of Credits: 2
No. of Contact Hours: 54

Module 1: Introduction:
Basic concepts of Business Economics, Financial Economics and Managerial Economics.

Module II: Investments
Meaning, nature and importance - Considerations in Investment decision and investment process – Investment alternatives – Capital Budgeting – Introduction and methods

Module III: Organising Financial asset- various financial assets and securities**.** Introduction to Balance Sheets – Evaluation of Balance Sheets – Break even Analysis – Linear and nonlinear – time value of money – FutureValue and Compounding – present value of discounting.

Module IV: Introduction to Demand Estimation, Demand forecasting – Production Function and its importance – Cost estimation, Cost functions – Economics of Scale, Cost cuts and estimation - Cartel, price leadership, price discrimination, pricing strategies
.
References:
1. Kettell, Brian – Financial Economics – Making sense of Market information, Financial Time, Prentice Hall, London – 2001.
2. Nellis J., and D. Parker – Principles of Business Economics 2nd Edition – Pearson Education, London.
3. Griffith A. and S. Wall = Economics for Business and Management – Pearson Education, London (2004)
4. Keat P.G. and P.K.Y. Young – Managerial Economics – Tools for Today's Decision matters – Pearson Education New Delhi – 2006.

COMPLEMENTARY COURSES
(Non-Economic Students)

Semester I
Essentials of Economics - Micro

Course Category: Complementary Course
Course Title and Code: Essentials of Economics I-Micro, AECO1C01T
No. of Credits: 2
No. of Contact Hours: 54

Module I: Introduction to Economics
What Economics is about? – Importance of the study of economics, relation with other social sciences (History, Political Science, Law, Psychology, Sociology). Basic Problems - Micro versus Macro

Module II: Theory of Demand
Utility, utility function, marginal utility, law of diminishing marginal utility, demand, law of demand. Elasticity of demand and its types.

Module III: Theory of Supply
Cost, cost function, opportunity cost, variable cost, fixed cost, total cost, marginal cost, average cost, supply, supply function, supply curve, Elasticity of supply and its types. Equilibrium price, market and its classification

Module IV: Theory of Production
Production function, types of production function (short run and long run), economies of scale.

Reference:

1. Dominick Salvatore 'Microeconomic Theory', Schuam's Outline Series

Semester II
Essentials of Economics-Macro

Course Category: Complementary Course
Course Title and Code: Essentials of Economics II-Macro,
AECO2C01T
No. of Credits: 2
No. of Contact Hours: 54

Module I: National Income Concepts and Meaning

GDP and GNP, NDP and NNP. GDP at factor cost and market price, GNP at market price and factor cost, NDP at market price and factor cost, NNP at market price and factor cost. Personal Income, disposable income, per-capita income. Importance of the estimation of national income, difficulties in estimation of national income.

Module II: Major Classical Postulates
Say's Law of Market, Full employment, wage-price flexibility, leissez-faire

Module III: Major Keynesian Concepts
Effective demand, consumption, savings, under-employment equilibrium, wage price rigidity

Reference
1. Diwedi DN 'Macroeconomics Theory and Policy" Tata Magragel

Semester III

Essentials of Economics-Money, Banking, Finance and Trade

Course Category: Complementary Course
Course Title and Code: Essentials of Economics III-Money, Banking,
Finance and Trade, AECO3C01T
No. of Credits: 2
No. of Contact Hours: 54

Module I: Money
Definitions and functions of money, demand for and supply of money, Fischer's quantity theory of money, inflation and deflation

Module II: Banking
Role and functions of commercial banks and central bank, monetary policy and its instruments, credit instruments (cheque, draft etc)

Module III: Public Finance
Public revenue and its sources, public expenditure, public debt, deficit financing, fiscal policy, budget, finance commission.

Module IV: Trade
Internal and External Trade, Why international trade?, balance of trade and balance of payment, foreign exchange rate, devaluation, revaluation, depreciation, appreciation.

Reference
1. Diwedi DN 'Macroeconomics Theory and Policy" Tata Magragel
2. Salvetor D and EA Diulio – Principals of Economics Schuam's Outline Series
3. Salvetor D – International Economics Schuam's Outline Series

Semester IV

Essentials of Economics-Indian Economy

Course Category: Complementary Course
Course Title and Code: Essentials of Economics IV-Indian Economy, AECO4C01T
No. of Credits: 2
No. of Contact Hours: 54

Module I: India as a Developing Economy
Major Issues: poverty, unemployment and inequality - causes and remedies

Module II: Major Sectors of Indian Economy
Importance, contribution and problems of agricultural sector, green revolution, land reforms, Industry: importance, contribution and problems. Services: contribution to the national economy. Impact of economic reforms on major sectors.

Module III: Planning
Economic planning and its objectives; five year planning in India – achievements and failures

Module IV: Kerala Economy
Unique features, sectoral contribution, land reforms, decentralized planning, people's planning, achievements and challenges in Health and Educational Sectors, Role of Migration and remittances, tourism and development

Reference
1. Uma Kapila – (Ed) Indian Economy Since Independence – Academic Fountation – New Delhi
2. Keralapadhanam - KSSP Kozhikode