

SYLLABI FOR PRE-Ph.D COURSE IN ECONOMICS
SESSION 2015-16

PAPER - I: ECONOMIC THEORY

Max Marks: 100
Internal Assessment: 30
Written: 70
Teaching Hour: 35
Time: 3Hours

Objectives: The aim of this paper is to make the students familiar with some of the recent developments in micro and macro economics which have wide range of applicability to solve and explain phenomena; some of which can provide new insights into the empirical estimation of economic relationship.

Pedagogy: Class Room Teaching, Term Paper/Assignment, Presentations, Book Reviews & Seminars.

Note: There Shall be 9 questions in all.

The first question is **compulsory** and comprising of 8 short answer type questions spread over the whole syllabus. The candidates are required to attempt 4 short questions. Each question shall be of **two and a half** marks ($4 \times 2.5 = 10$).

Rest of the paper shall contain four units. Two questions shall be asked from each unit and the candidates shall attempt one question from each unit. Each question will carry 15 marks ($15 \times 4 = 60$).

UNIT - I

Missing markets: some applied micro economic aspects

Externalities: Bilateral and Multilateral externalities, Inefficiency of resource allocation in the presence of externalities; Private Cost versus Social Cost.

Solutions to the problem of externalities: Government Responses; Regulation, Corrective Taxes, The Compensation principle, Creating a market. Private Responses; Allocating Property Rights, Bargaining and Coarse Theorem.

Nonconvexities and the Theory of Externalities.

UNIT-II

Public Goods: Efficient provision of discrete and continuous public goods. Private provision of Discrete and Continuous Public Goods. Voting for Public goods. Lindahl allocations.

Asymmetric Information:

Issues of Hidden characteristics/actions and Moral Hazard; The Principal Agent problem. Moral Hazard in Insurance and Product markets.

Adverse Selection and the Problem of Lemons; the Efficiency of Adverse Selection Market and Government Responses to Asymmetric Information; Market Signaling

UNIT – III

Monetarist Keynesian Debate on Macroeconomic Theory and Policy.

The Structure, Policy implications and Assessment of the New Classical school,

The Core Propositions, Features, Policy Implications and Assessment of New Keynesian School.

Essential Features of the Austrian school.

UNIT – IV

Estimation of Money Multiplier, Demand for Money and Philips Curve in Indian context.

Macro Economic Theory for India.

The Global Economic Crisis and Macro Economic Theory.

India and the Global Economic Crisis.