

**2-Year M. Sc Economics Curriculum and Syllabus, TIU, WB  
Third Semester**

Course Code	Course Title	Contact Hrs. / Week			Credit
		L	T	P	
TIU-PEM-T201	Development Economics	2	1		2
TIU-PEM-T203	Resource and Environmental Economics /Institutional Economics	3	1		3
TIU-PEM-T205	Special paper	3	1		3
TIU-PEM-L201	Econometric Application LAB			2	3
TIU-PEN-S201	CASD	3			3
TIU-PEM-L207	Computer Lab and Application (knowledge in Softwares)			2	3
TIU-PEM-P201	Project work and Seminar	2			2
Total Credit					19

## **Development Economics**

1. Introduction to development economics, models of rural-urban migration, causes and consequences of international migration of skilled and unskilled labour, impact on economic development.
2. Sustainable development goals and achievements
  - A: Human Development and its Limitations.
  - B: Civil Rights and Political Rights.
  - C: Current Human Well-being.
  - D: Inter-temporal Human Well-being.
  - E: Sustainable Development.
3. Economics of Institutions

Evolution of Institutions and their role in an economy existing views. Political organization and freedom; role of collective action Role of financial Institutions on economic development: Theory (Acemoglu and Zilibotti model), evidence;  
Decentralisation of Institutions: issues involved with special reference to Indian Experience
4. Issues in Micro- Finance

Economics of ROSCA, Micro Finance mechanisms: Peer Selection, Peer monitoring and dynamic incentives- solution to moral hazard, adverse selection, and costly state

verification; Country Experiences; Strength and weaknesses of micro –finance program.

5. Trade Liberalization and skilled-unskilled wage inequality.

### **Suggested Readings**

1. Todaro, M. and S. C. Smith, 2002, *Economic Development*, Eighth edition, Longman.
2. Basu, Kausik (1997): *Analytical Development Economics*, Oxford University Press, Chapter 10.
3. Pranab Bardhan and Christopher Udry, *Development Microeconomics*, New York, Oxford University Press, 1999.
4. Marjit, S. and Acharyya, R. (2003): *International Trade, Wage Inequality and the Developing Economy: A General Equilibrium Approach*, Physica-Verlag.
5. Krueger, A. O. (2002): 'Priorities for further reforms', in A. O. Krueger (ed.), *Economic Policy Reforms and the Indian Economy*, Oxford University Press, New Delhi.
6. Stiglitz, J.E. (2002): *Globalization and its Discontents*, Penguin Books.
7. Ray, D. (1999): *Development Economics*.

### **Resource and Environmental Economics**

1. Introduction to Environmental Economics & the Economics of Environment- Taxonomy of Natural Resources- Economics of Exhaustible Resources: a simple Framework.

2. Economics of Renewable Resources.

3. Forestry- optimal rotation period- socially optimum rotation period when forestry has environmental amenities- forest policies.

4. Non-renewable resource- optimal depletion- competitive, monopoly and oligopolistic exploitation of exhaustible resource- fringe and cartel - exploration–taxation of exhaustible resource- scarcity.

5. Common property resource-externalities in common property resource extraction market, equilibrium vs. efficiency – measures to correct externality- privatization quota-license- taxation, community management of common property resources.

6. Sustainable development-concept of Solow-Hartwick rule-natural resource accounting.

7. Environmental Regulation: Alternative Market Based Instruments – pure policies (Emission Fees, Standard setting, Tradable Pollution Permits), Hybrid instruments (two-part tariff), Double Dividend Hypothesis, Illicit Dumping

8. Environmental valuation and Cost-benefit analysis – Revealed preference Approach (Household Production Function, Travel cost, Hedonic Price, Statistical value of life) – Stated Preference Approach (Contingent Valuation Method)

9. Global Issues and the Environment – Trade, Development and Environment – The Pollution Haven Hypothesis – International/ Interregional Cooperation – The Issue of Trans-boundary pollution

### **Suggested Readings**

1. Bhattacharyya, R.N. (2001): Environmental Economics: Indian Perspective, OUP.
1. Fisher, A (1981): Resource & Environmental Economics, CUP.
2. Chiang, A (1992): Elements of Dynamic Optimization, McGraw-Hill.
3. Conard & Clark (1987): Natural Resource Economics: Notes & Problems, CUP.
4. Broomley (ed.) (1995): Handbook of Environmental Economics, Blackwell.
6. Hanley, Shogren & White (1997): Environmental Economics, McMillan.
7. Hartwick & Olewiller(1998): The Economics of Natural Resource Use, Adision-Wesley.
8. Bardhan & Udry (1999): Development Microeconomics, OUP.
9. Dasgupta (1982): The Control of Resources, HUP.
10. Todaro & Smith (2003): Economic Development, 8<sup>th</sup> Ed., Pearson-Education.
11. Meier & Rauch (2000): Leading Issues in Economic Development, 7<sup>th</sup> Ed., OUP.

### **Institutional Economics**

1. Introduction to the Old Institutional Economics

2. New Institutional Economics: Institutions and organizations. Functions of social and economic institutions; Interaction situations and the types of norms: prisoners' dilemma-type situation; co-ordination situation; inequality situation; Enforcement characteristics; Institutional structure of a society; Formal and informal institutions; Interaction of formal and informal institutions; The limits of imitations of institutions from best-performing countries; The problems of their enforceability; A Comparative view of the Old Institutional Economics and the New Institutional Economics and modern institutionalism.

3. Economic Theory of Property Rights-

a. The definition of Property Rights; Specification of Property Rights, the bundle of rights; partitioning of Property Rights; attenuation of Property Rights; Assigning of Property Rights: the internalization of externalities; The Coase Theorem; Critic of Coase (dynamic effects of alternative legal rules, wealth effect, distributional effects, strategic behavior and the problem of holding-out, endowment effect, sociological critic, unrealistic assumption about zero transaction costs).

b. Alternative Property Rights regimes; Common property (open access) and the tragedy of the commons; Exclusive Property Rights and the conditions for their emergence; The first economic revolution. Communal Property; Optimal group size; Private Property; Moral and economic

aspects of private property; Public property; The emergence of property rights; The optimistic theory of the emergence of property rights (naive model); The interest-group theory of property rights; The costs of collective action; The theory of rent-seeking; Interest-groups and rent-seeking behavior in an economy.

4. Effect of colonial legal origin – effect of different institutions in India – e.g. colonial land tenure, labor legislation, reservation for women and SC/ST in Panchayats.

5. Factors behind the persistence of inefficient institutions -- hold up problem – the role of political losers -- the role of economic losers – the role of incomplete information.

### **Suggested Readings**

1. Barzel, Y. (1982): “Measurement Cost and the Organization of Markets”, *Journal of Law and Economics*, Vol.25, pp. 27-48.
2. Blaug, M. (1978): *Economic Theory in Retrospect* (3e), CUP, Cambridge and NY.
3. Coase, R. (1937): “The Nature of the Firm”, *Economica*, Vol.4, pp. 386-405.
4. Coase, R.H. (1960): “The Problem of Social Cost”, *Journal of Law and Economics*, Vol.3, pp.1-44.
5. Dahlman, C. (1979): “The Problem of Externality”, *Journal of Law and Economics*, Vol.22, pp. 141-162.
6. Eggertson, Thr. (.....): *Institutions and Economic Behavior*, Ch.1, pp.1-32.
7. Eggertson, Thr. (.....): *Institutions and Economic Behavior*, Ch.2, pp.33-78, Ch.4, pp.83-124, Ch.8, pp.247-280, Ch.9, pp. 281-316.
8. Elster, J. (1989): “Social Norms and Economic Theory” *Journal of Economic Perspectives*, 3, 99-117.
9. Menard, C. and M. Shirley (eds.) (2005): *Handbook of New Institutional Economics*, Springer.
10. Milgrom, P. and J. Roberts (1992): *Economics, Organization and Management*, Prentice-Hall Int., Ch.2, pp.19-35, Ch.5, pp.147-149, Ch.8, pp.259-269.
11. Milgrom P. (.....): Roberts J. *Economics, Organization and Management*, Ch.9, pp.288-307.
12. North, D. (1990): *Institutions, Institutional Change and Economic Performance*, CUP, Ch.5, 6, 7.
13. North, D. (1990): *Institutions, Institutional Change and Economic Performance*, CUP, Ch.8.
14. Posner, R. (1997): “Social Norms and the Law: an Economic Approach”, *AER*, 87, 365-369.

### **International Trade (Special Paper-1)**

Fixed endowments: the exchange model, The offer curve and the exchange equilibrium, The terms of trade and real income.

1. Labor productivity and comparative advantage: the Ricardian model, Absolute and comparative advantage, pattern of trade and specialization. Extensions of the Ricardian model: multi-country case, multi-commodity case, World PPF.
2. Factor immobility and income distribution, The pattern of trade, International factor mobility and the equalization of factor prices.
3. Structure of endowments and the pattern of comparative advantage: the long run Heckscher-Ohlin-Samuelson model, Two sector general equilibrium model, the Rybczinski theorem, endowment and the pattern of trade: the Heckscher-Ohlin theorem, Commodity prices and factor prices, factor price equalization and the Stolper-Samuelson theorem, The Leontief-paradox, Inter-sectoral factor mobility and the relationship between the short-run and long run transformation schedule.
4. Refinements of the Traditional Theory-Transportation costs and international trade, International Trade and Intermediate goods- pure intermediate inputs, final goods as inputs, International Trade and Non-traded goods, Natural Resources, Dutch Disease, deindustrialization, International Trade and International factor mobility.
5. New Theories of International Trade- Increasing Returns, Monopolistic Competition and International, Scale Economies, Product Differentiation and International, Intra-industry Specialization and Gains from, Reciprocal dumping model of international trade, technology Gap model of international trade, Endogenous innovation, Trade and Growth.
6. Neo-Ricardian Theories of International Trade: Intermediate and capital goods in the Ricardian Theory, The debate between orthodox and Neo-Ricardian theory.

#### **Suggested Readings**

1. Jones, R. International Trade: Essays in theory, North Holland, 1979
2. Bhagwati, et al. Lectures on international trade, MIT press, 1998
3. Krugman, P.R., Rethinking International Trade, MIT Press, 1994
4. Helpman and Krugman, Trade Policy and Market Structure, MIT Press, 1989
5. Corden, M. Theory of Protection

### **Economics of Money and Finance (Special Paper-2)**

#### **Group A – Monetary Economics**

1. Usefulness of money: Search theoretic models of money – Overlapping generation models of money.

2. Different approaches to modeling money: Money in the utility function – Cash –in advance models.
3. Money and public finance: Budget accounting- Equilibrium seigniorage – Friedman’s rule – optimal taxation and seigniorage - Fiscal theory of price determination.
4. New Keynesian monetary economics: Taylor rules and other developments.

### **Group B – Financial Economics**

1. Introduction - Corporate Finance, Corporate Firm and its goals: basic concepts and ideas.
2. Corporate Financial Reporting - Overview of financial statement analysis, Structure of Financial Statements: Balance Sheet, Income Statement, Statement of Cash Flow, Financial Ratios and Financial Statement Analysis.
3. Capital Budgeting Decision of firms - Introduction to risk, return and opportunity cost of capital: measuring portfolio risk, diversification and risk, limits to diversification, Capital Asset Pricing Model.
4. Theories of Capital Structure - capital structure and the pie theory, Maximizing firm value versus maximizing stockholders’ interest, Financial Leverage and Firm Value – Modigliani and Miller Propositions.
5. Introduction to Financial Markets- Introduction to stock market, bond market and money market, their functions.

### **Suggested Readings**

#### **Monetary Economics**

1. Walsh, C.A.: Monetary Theory and Policy, Indian Reprint, PHI Learning Pvt. Limited.
2. Woodford, M.: Interest and Prices - Foundation of a Theory of Monetary Policy, Indian Reprint, New Age International Publishers.
3. Blanchard, O.J. and Fisher, S.: Lectures on Macroeconomics, Indian Reprint, PHI Learning Pvt. Limited.
4. Wickens, M.: Macroeconomic Theory – A Dynamic General Equilibrium Approach, Princeton University Press.

### **Suggested Readings**

#### **Financial Economics**

1. Bhole, L.M. and Mahakud, J.:Financial Institutions and Markets: Structure, Growth and Innovations, Tata McGraw Hill Education.
2. Levi, M.D.: International Finance, Routledge.

3. Shapiro, A.C.: Multinational Financial Management, John Wiley and Sons, Inc.
4. Sharpe, W.F., Alexander, G.J. and Bailey, J.F.: Investments, Prentice Hall India Pvt. Ltd.

### **Econometric Application Lab**

This course aims to make the students develop skills in analyzing higher level econometric techniques using one of the statistical packages like SPSS, R, Eviews, Stata etc. The students are expected to learn a set of econometric tools so that they can conduct high-quality empirical research on topics in applied microeconomics and related fields.

### **CASD**

1. Practice: Précis Writing
2. Non-verbal skills: Paralanguage and Body language
3. Group discussions

### **Computer Lab and Application-SAP Lab**