

CHRIST COLLEGE (AUTONOMOUS), IRINJALAKUDA

ACCREDITED BY NAAC WITH 'A' GRADE

Affiliated to University of Calicut



COURSE PLAN

MASTER OF ARTS

EVEN SEMESTER

(ACADEMIC YEAR 2020-2021 ONWARDS)

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CONTENT

SL. NO.	TITLE	PAGE NO.
1	COURSE PLAN MA SEMESTER II 2020 ADMISSION	2
2	COURSE PLAN MA SEMESTER IV 2019 ADMISSION	24

SEMESTER II

SI.NO	Course	Title	Contact Hours	Credits	Total Weightage	
					Internal	External
1	Core 5	CC19PECO2 C05 Microeconomics: Theory and Applications II	6	5	5	30
2	Core 6	CC19PECO2 C06 Macroeconomics: Theories and Policies II	6	5	5	30
3	Core 7	CC19PECO2 C07 Public Finance: Theory and Practice	6	5	5	30
4	Core 8	CC19PECO2 C08 Quantitative Methods for Economic Analysis II	6	5	5	30
	Total		24	20	20	120



CHRIST COLLEGE

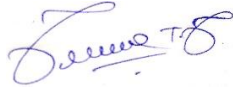

(A U T O N O M O U S) IRINJALAKUDA - KERALA

COURSE PLAN

2020 - 2021

MA ECONOMICS

SECOND SEMESTER

Mentor	Dr. Franco T. Francis	
Head of the Department	Sr. Rosy V. O.	

MA ECONOMICS (CBCSS)

II SEMESTER

ECO2 C05 - MICROECONOMICS: THEORY AND APPLICATIONS-II

(Credit 5)

Module I: Intertemporal Choice and Capital Decisions

Capital and the rate of return- Determining the rate of return- Demand for future goods- Utility maximisation- Effects of changes in r - Supply of future goods- Equilibrium price of future goods- Rate of return- Real interest rates and nominal interest rates- Pricing of risky assets- The firm's demand for capital- The net present value criterion for capital investment decisions- Adjustment for risks- Diversification versus non-diversifiable risks- The capital assets pricing model.

Module II: General Equilibrium and Welfare Economics

Elements of general equilibrium analysis-General equilibrium of exchange- General equilibrium of production- Efficiency of competitive markets- Welfare economics- Criteria of social welfare- Pareto optimality-Kaldor-Hicks compensation criterion- Scitovsky criterion- Deriving a Social welfare function- Theory of second best- Arrow's impossibility theorem- Rawls theory of justice- First Theorem of welfare economics- Second Theorem of welfare economics.

Module III: Externalities and Public Goods

Externalities-Negative externalities in consumption and production-Positive externalities in consumption and production-Externalities and inefficiency-Ways of correcting market failure- Externalities and property rights-Coase theorem- Common property resources- Tragedy of commons-Public goods -Characteristics- Public goods and market failure- Provision of public goods- Free rider problem- Lindahl pricing.

Module IV: Asymmetric information

Asymmetric information- Implications of asymmetric information- The lemons problem- Adverse selection- Hidden information- Moral hazard (hidden action)- Insurance markets- Market signalling- Principal-agent problem- The efficiency wage theory.

Module V: Behavioural Economics

Behavioural economics- Reference points and consumer preferences- Rules of thumb and biases in decision making.

OBJECTIVES

- a) To Create awareness of using mathematical techniques in economic theories
- b) To examine a series of important topics, which make them equip with theoretical and empirical understanding to assess and Judge how factor market works
- c) To Illustrate basic tools and concept of social welfare functions and compensation principles for various government bodies
- d) To Assess them to know the details of economic factors of market failure and the factors to overcome it as a financial advisor
- e) To Understands the concept of asymmetric information in various sectors in the economy and its implications as market analyzer

Course Outcome (CO):

Students will be able to

- ❖ Create awareness of using mathematical techniques in economic theories (EM)
- ❖ examine a series of important topics, which make them equip with theoretical and empirical understanding. (SD)
- ❖ Assess and Judge how factor market works (EM)
- ❖ Illustrate basic tools in welfare economics (SD)
- ❖ Illustrate the concept of social welfare functions and compensation principles for various government bodies (EM)
- ❖ The theoretical tools they learn would help them to develop economic theory for the market (EP)
- ❖ Assess them to know the details of economic factors of market failure and the factors to overcome it as a financial advisor (EP)
- ❖ Understands the concept of asymmetric information in various sectors in the economy and its implications as market analyzer (EP)
- ❖ Identify and Design the various types of investment function analysis for the different financial institutions in the economy (EM)
- ❖ Understand the elements of social cost benefit analysis for the different Govt bodies (EM)

LESSON PLAN

Unit/ session/ hours (time Required)	Topics for student preparation (input)	Procedure (process) Student centric Method of teaching	Activity	Learning outcome (output)	Assessment
Module I: Intertemporal Choice and Capital Decisions 15 hours	Capital and the rate of return- Determining the rate of return- Diversification versus non-diversifiable risks	<ul style="list-style-type: none"> • Discussion • Participative learning 	<ul style="list-style-type: none"> • Peer Group Discussion on Pricing of risky assets 	To understand net present value criterion for capital investment Decisions & Adjustment for risks	Evaluation Through MCQ
Module II: General Equilibrium and Welfare Economics 20 Hours	Elements of general equilibrium analysis-General equilibrium of exchange & Production-Efficiency of competitive markets & Welfare economics	<ul style="list-style-type: none"> • Lecture • Discussion • Data Analysis 	<ul style="list-style-type: none"> • Primary & Secondary data study • Market analysis 	To understand the significance and relationship among different Welfare economics theories	Analysis of the theories they learn in this module
Module III: Externalities and Public Goods 15 Hours	Externalities- Negative & Positive externalities in consumption and production- Externalities and inefficiency- Public goods and market failure-	<ul style="list-style-type: none"> • Lecture • Discussion • Classification 	Comparative study of Negative & Positive externalities in consumption and production	To understand the significance of Externalities in Production & Consumption	Evaluating, Students Classification skill of Negative & Positive externalities in consumption and production
Module IV: Asymmetric information 20 Hours	Asymmetric information & Implications of asymmetric information	<ul style="list-style-type: none"> • Discussion • Lecture with the help of power Point presentation • Problem solving 	<ul style="list-style-type: none"> • Case Study 	To understand the Asymmetric information & Adverse selection in Commodity and Service Sector	Evaluation through tests, and evaluating skill of students through Seminar

Module V: Behavioural Economics 20 Hours	Behavioural economics- Reference points and consumer preferences	<ul style="list-style-type: none"> Lecture Discussion Data Analysis Problem solving 	<ul style="list-style-type: none"> Case Study 	To understand the significance of biases in decision making of consumer.	Evaluation through tests. Assignments & Seminar
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UNIT WISE BREAK UP

LECTURE HOURS: 90

Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Module 1 :		15			
Unit 1.	Capital and the rate of return-Determining the rate of return- Demand for future goods- Utility Maximisation-Effects of changes in r	5	Check the knowledge in utility, risk and uncertainty	Lecture and Discussion	Assignment
Unit 2.	Supply of future goods- Equilibrium price of future goods- Rate of return- Real interest rates and nominal interest rates- Pricing of risky assets- The firm's demand for capital	5	To analyse about capital goods and decision making	Power point lectures & Discussion	To make short notes on the features, and classification capital goods
Unit 3.	The net present value criterion for capital investment decisions- Adjustment for risks- Diversification versus non-diversifiable risks- The capital assets pricing model.	5	To understand about risky assets and decision making	Discussion Lecture	Seminar
Module 2		20			
Unit 1.	Elements of general equilibrium analysis- General equilibrium of exchange-General equilibrium of production-	5	To analyse about the problems of equilibrium	Lecture and Illustrations	Short note

Department of Economics, Christ College (Autonomous) Trinjalakuda

Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
	Efficiency of competitive markets-				
Unit 2.	Welfare economics- Criteria of social welfare-Pareto optimality-Kaldor-Hicks compensation criterion- Scitovsky criterion- Deriving a Social welfare function	5	To learn the steps in evaluation welfare of the economy	Lecture	Comparison of Kaldor-Hicks compensation criterion with Scitovsky
Unit 3	Theory of second best-Arrow's impossibility theorem- Rawls theory of justice- First Theorem of welfare economics- Second Theorem of welfare economics.	10	To understand the social welfare function	Lecture and Discussion	Analysis the validity of different welfare theories with current scenario
Module 3		15			
Unit 1	Externalities-Negative externalities in consumption and production-Positive externalities in consumption and production-	5	To understand different types of production and consumption	Lecture & Discussion	Assignment
Unit 2	Externalities and inefficiency-Ways of correcting market failure- Externalities and property rights-Coase theorem- Common property resources	5	To analyse the externalities and its influence on consumption and production	Discussion, Classification	Assignment, Seminar
Unit 3	Tragedy of commons-Public goods-Characteristics- Public goods and market failure- Provision of public goods- Free rider problem- Lindahl pricing.	5	To understand the different characteristics of public goods and realize public goods is necessary for the economy	Discussions and Lecture	Seminar
Module 4		20			
Unit 1	Asymmetric information- Implications of asymmetric information-	4	To understand the concept of asymmetric information's and its	Illustrations and Discussions	Short note

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Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
			implications in the market		
Unit 2	The lemons problem- Adverse selection- Hidden information- Moral hazard (hidden action)- Insurance markets	8	To Analyse the market situations	Lecture and Discussion	Explain the Problems related to asymmetric information
Unit 3	Market signalling- Principal-agent problem- The efficiency wage theory.	8	To realize the utility theory of managers and stock holders	Lecture and Discussion	Classification of different types of market signaling to overcome adverse selection
Module 5		20			
Unit 1	Concept of Behavioural economics	6	To know about the characteristics commodity market	Lecture	To write about the meaning definition and scope of Behavioural economics
Unit 2	Reference points and consumer preferences	7	To learn the consumer decision with market fluctuations	Lecture	Short case studies & Seminar
Unit 3	Rules of thumb and biases in decision making.	7	To realize the consumer reactions in market	Lecture & Discussions	Seminar

CC10PECO2 C06 –

MACROECONOMICS: THEORIES AND POLICIES II

(Credit 5) Total Hours: 90, Lecture Hours: 70, Seminar Hours: 20

Examination 3 Hours

Objectives: The main objective of this course is to help students with the fundamentals of macroeconomics and to enable them to apply these concepts to their lives and to the world in which they live. This course also aims to give greater understanding about economic news and major economic events in the world. It also aims to familiarize students with different schools of thoughts in Economics.

SYLLABUS

Module I: Classical vs Keynes

Classical Macroeconomics -Classical revolution, production, employment, equilibrium output and employment, quantity theory of money, classical aggregate demand curve, classical theory of interest rate, policy implications of the classical equilibrium model. Classical model of output and employment

Keynes's General Theory: Keynes' main propositions, Keynes's analysis of the labour market, Keynes's rejection of Say's Law, Keynes and the quantity theory of money, Keynesian aggregate demand and supply schedules, Keynes and international macroeconomics- How to pay for the war, Causes and consequences of the Great Depression, Keynesian policy conclusions.

Module II: Monetarism

The quantity theory of money approach, The expectations-augmented Phillips curve analysis, The monetary approach to balance of payments theory and exchange rate determination, The monetarist view of great depression, fiscal and monetary policy effectiveness.

Module III: New Classical Macroeconomics, Real Business Cycle School and Supply Side Economics -The new classical macroeconomics: Rational expectations hypothesis, Lucas' surprise supply function, The inter-temporal substitution model, Policy ineffectiveness argument, The Lucas critique- Real business cycle school: central features of real business cycle models, a simple real business cycle model, macroeconomic policy in a real business cycle model - Supply-side macroeconomics: Supply shocks and stagflation, Laffer curve, Policy implications

Module IV: New Keynesian Economics

The fall and rise of Keynesian economics- A Keynesian resurgence, New Keynesian economics, Core propositions and features of new Keynesian economics, Nominal rigidities, Real rigidities, Small menu cost model, Implicit wage contract model- Efficiency wage theories-Insider-outsider model, New Keynesian business cycle theory, Hysteresis and the NAIRU, Policy implications

Module V: The New Political Macroeconomics

Political distortions and macroeconomic performance, Political influences on policy choice, The role of government, Politicians and stabilization policy, Alternative approaches to the political business cycle, The Nordhaus opportunistic model, The Hibbs partisan model, The decline and renaissance of opportunistic and partisan models, Rational political business cycles, Policy implications of politico-economic models: an independent central bank?, The political economy of debt and deficits, Political and economic instability.

References

1. Gregory Mankiw (2008): Macroeconomics- Worth Publishers NY, 6th ed.
2. Richard T Froyen (2008): Macroeconomics: Theories and Policies- Pearson (LPE), Seventh ed.
3. Brian Snowdown and Howard Vane (2005): Modern Macroeconomics: Its Origin, Development and Current State- Edward Elgar Cheltenham, UK. Northampton, USA.
4. Levacic, Rosalind and Rebman, Alexander (1982): Macroeconomics: An Introduction to Keynesian-Neoclassical Controversies- 2nd ed. Macmillan.
5. Eric Pentacost: Macroeconomics-An Open Economy Approach- Macmillan.
6. Rudiger Dornbusch: Stanley Fisher and Richard Startz (2004)

7. Hargreaves Heap S.P (1992): The New Keynesian Macroeconomics: Time, Belief and Social Independence Edward Elgar Publishing.
8. D'Souza, Errol (2008): Macroeconomics- Pearson Education.

OBJECTIVES

- a) *To deepen students' understanding on the fundamentals of Macroeconomics and to enable them to apply these concepts to their lives and to the world in which they live.*
- b) *To give greater understanding about economic news and major economic events in the world.*
- c) *To familiarize students with different schools of thoughts in Macro Economics*

CO1	Review Say's law of market and draw distinctive features of Keynesian and Classical school of thought
CO2	Apprise the contribution of Monetarists schools of thought in macroeconomics and the monetarist view of great depression, fiscal and monetary policy effectiveness
CO3	Asses the ideas of New Classical Macroeconomics, Real Business Cycle School and Supply Side Economics and examine their contribution to Macro Economics
CO4	Describe the fall and rise of Keynesian economics, summarize the main propositions of New Keynesian Economics, features and appraise the policy implications
CO5	Examine the importance of New Political Macroeconomics and its policy implications in Macro Economics
CO6	Compare the alternative macroeconomic theories and policies to identify the current state of the economy and to predict future developments and to frame policies accordingly

LESSION PLAN

Unit/ session/ hours (time Required)	Topics for student preparation (input)	Procedure (process) Student centric Method of teaching	Activity	Learning outcome (output)	Asses men t
Mod ule I: Clas sical vs Key nes 20 Hours	-Policy implications of the Classicals -Keynes' main proposition -Causes and consequences of the Great Depression, -Keynesian policy conclusions	<ul style="list-style-type: none"> Lecture Discussion Participative learning 	<ul style="list-style-type: none"> Peer Group Discussion on the main difference between Classical and Keynesian Policies Peer Group Discussion on the causes of Great Depression 	Students should be able to: <ul style="list-style-type: none"> Draw distinctive features of Keynesian and Classical school of thought. Realize the reasons behind Great Depression 	Evaluation through test
Mod ule II: Mon etaris m 10 Hour s	-The quantity theory of money approach, -The expectations-augmented Phillips curve analysis	<ul style="list-style-type: none"> Lecture Discussion Participative learning 	<ul style="list-style-type: none"> Revision of topics by allotting a topic for each Peer Learning Group to present 	Students should be able to: <ul style="list-style-type: none"> Apprise the contribution of Monetarists schools of thought in macroeconomics 	Evaluation through Viva Voce
Module III: New Classical Macroeconomics, Real Business Cycle School and Supply Side Economics 20 Hours	-The new classical macroeconomics: -Real business cycles school -Supply-side macroeconomics	<ul style="list-style-type: none"> Lecture Discussion Participative learning Experiential learning 	<ul style="list-style-type: none"> Students were asked to collect information on real life examples to justify the main theories of these schools. 	Students should be able to: <ul style="list-style-type: none"> Asses the ideas of New Classical Macroeconomics, Real Business Cycle School and Supply Side Economics and examine their contribution to Macro Economics 	Evaluation through Test

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Unit/ session/ hours	Topics for student preparation (input)	Procedure (process) Student centric Method of teaching	Activity	Learning outcome (output)	Assessment
Module IV New Keynesian Economics 20 Hours	-The fall and rise of Keynesian economics- -A Keynesian resurgence, -New Keynesian economics, -Core propositions and features of new Keynesian economics	<ul style="list-style-type: none"> Lecture Discussion Participative learning 	<ul style="list-style-type: none"> Peer Groups were asked to collect the comments of different economists regarding the fall of Keynesianism in 1970s. Peer Group Discussion on Core propositions and features of new Keynesian economics 	Students should be able to: <ul style="list-style-type: none"> Describe the fall and rise of Keynesian economics, Summarize the main propositions of New Keynesian Economics, features and appraise the policy implications 	Evaluation through MCQ
Module IV The New Political Macroeconomics 20 Hours	-Political distortions and macroeconomic performance, -Political influences on policy choice, -The role of government, Politicians and stabilization policy	<ul style="list-style-type: none"> Lectures Discussion Participative learning 	<ul style="list-style-type: none"> Peer Group Discussion on Political distortions and macroeconomic performance Students were asked to collect relevant data to justify their view on, Political influences on policy choice 	Students should be able to: <ul style="list-style-type: none"> Examine the importance of New Political Macroeconomics and its policy implications in Macro Economics 	Evaluation through test

UNIT WISE BREAK UP

Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Module 1:	Classical vs Keynes	20			

Department of Economics, Christ College (Autonomous) Irinjalakuda

Unit 1.	-Classical Macroeconomics -Classical revolution, -Production, employment, equilibrium output and employment -Classical model of output and employment	5	Check the knowledge in basic concepts	Lectures and Discussion	Make short notes on the development of Classical school of thought
Unit 2.	-Quantity theory of money, -Classical aggregate demand curve, -Classical theory of interest rate, -Policy implications of the classical equilibrium model.	5	Understand the basic knowledge on aggregate supply and demand curves	Lectures and Discussion	Make notes on important contributions of Classical school of thought
Unit 3	-Keynes's General Theory: -Keynes' main propositions, -Keynes's analysis of the labour market, -Keynes's rejection of Say's Law,	5	Revise the theories of macroeconomics learnt in BA classes	Lectures and Discussion	Make a comparison between Keynesian economics and Classical economics
Unit 4	-Keynes and international macroeconomics -How to pay for the war, -Causes and consequences of the Great Depression, -Keynesian policy conclusions	5	Review literature on Great Depression of 1930s	Lectures and Discussion	Make a comparison of Keynesian reason and monetarists reason for Great Depression
Module 2	Monetarism	10			
Unit 1.	-The quantity theory of money approach, -The expectations-augmented Phillips curve analysis	5	Revise the basics of Phillips's curve and QTM	Lectures and Illustrations	Review recent developments in Phillips's curve

Department of Economics, Christ College (Autonomous) Irinjalakuda

Unit 2.	-The monetary approach to balance of payments theory and exchange rate determination, -The monetarist view of great depression, -fiscal and monetary policy effectiveness	5	Revise-policy effectiveness in ISLM framework	Lectures and Illustrations	Comment on the fiscal and monetary policy effectiveness after analyzing the experience of the USA
Module 3	New Classical Macroeconomics, Real Business Cycle School and Supply Side Economics	20			
Unit 1	-Rational expectations hypothesis, -Lucas' surprise supply function, -The inter-temporal substitution model, -Policy ineffectiveness argument, - The Lucas critique.	10	Refresh the knowledge on adaptive expectation hypothesis	Lectures and Discussions	Try to revise business cycle theories on the basis of REH instead of AEH
Unit 2	-Central features of real business cycle models, -A simple real business cycle model, -Macroeconomic policy in a real business cycle model	5	Understand the basics of business cycle	Lectures and Discussions	Short presentation by PLG
Unit 3	-Supply shocks and stagflation, -Laffer curve, Policy implications	5	Check knowledge in basic public finance	Lectures and Discussions	Try to estimate the optimum tax rate in Kerala after analyzing the tax rates and revenue
Module 4	New Keynesian Economics	20			
Unit 1.	-The fall and rise of Keynesian economics	5	Revise the	Lectures and Discussions	Collect views of different economists on
Unit 2.	-Nominal rigidities and Small menu cost model	5	Refresh ideas on nominal	Lectures and	Conduct a study to test

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			and real concepts	Illustrations	Small menu cost model
Unit 3	-Implicit wage contract model -Efficiency wage theories -Insider-outsider model	5	Brush up knowledge on theories of wages	Lectures and Discussions	Conduct a case study to test Insider-outsider model
Unit 4	-New Keynesian business cycle theory, -Hysteresis and the NAIRU, Policy implications	5	Brush up knowledge on NAIRU	Lectures and Discussions	Collect relevant data and justify hysteresis
Module 5	The New Political Macroeconomics	20			
Unit 1	-Political distortions and macroeconomic performance, -Political influences on policy choice, -The role of government, Politicians and stabilization policy	5	Refresh knowledge on basic concepts	Lectures and Illustrations	Identify any one political influence on Kerala's policy choice (if any)
Unit 2	-Alternative approaches to the political business cycle, -The Nordhaus opportunistic	10	Brush up knowledge on Business cycles	Lectures and Illustrations	Short presentation by PLG
Unit 3	-Policy implications of politico-economic models: an independent central bank? -The political economy of debt and deficits, Political and economic instability.	5	Refresh knowledge on functions of central bank and its autonomy	Lectures and discussions	Comment on the independence of RBI

Teacher in Charge: Ann Mary Cherian

CC19PECO2 C07

PUBLIC FINANCE: THEORY AND PRACTICE

Lecture Hours per week: 6, Credits: 5

Internal: 5 weightage, External: 30 weightage, Examination 3 Hours

SYLLABUS

Module I: The Case for Public Sector

The role of government in the national economy-Concepts of club goods, public goods-Tiebout hypothesis, merit goods, externalities, Pigovian tax.

Module II: Public Revenue and Policy

Theory of tax- Partial and general equilibrium analysis- Shifting and incidence of tax- Theory of optimal taxation- Distributional considerations in public finance- Fiscal and monetary policies -Comparative analysis- Balanced budget multiplier- Zero based budgeting.

Module III: Public Expenditure and Debt

Pure theory of public expenditure-Pricing of public utilities-Public choice theory-The Median Voter theorem- Concept of subsidy-Macroeconomic impacts of deficits- Debt burden and inter-generational equity- Sustainability of public debt and Domar stability condition.

Module IV: Fiscal Federalism

Theory of fiscal federalism- Theory of inter-governmental transfers- fiscal decentralisation-Problems of centre-state financial relations in India-Vertical and horizontal imbalance in inter-governmental transfers in India.

Module V: Indian Public Finance

Trend and sources of revenue in the union, states and local bodies in India-Trends in public expenditure and public debt in India- VAT and GST in federal set-up- The FRBM Act-Federalism and issues of Centrally Sponsored Schemes- Finance Commissions and the changing centre- state relations during the reform period-Analysis of the latest union budget.

References

1. Harvey, Rosen, and Ted Gayer. Public Finance (2013)- McGraw-Hill Higher Education,
2. Dalton, Hugh. Principles of Public Finance (2003) - Vol. 1. Psychology Press,
3. Pen, Jan. Income Distribution (1974)-Penguin (Non-Classics).
4. Musgrave, RA and Musgrave, PB (1989)- Public Finance in Theory and Practice, McGraw Hill, New York
5. Boadway, R. W. (1979) - Public sector economics Winthrop, Cambridge, MA.
6. Due, John F and Friedlaender, Ann F (1973)- Government Finance: Economics of the

Public Sector, Richard Irwin

7. Brown, Charles Victor, and Peter McLeod Jackson (1990) Public Sector Economics. Vol. 76. Oxford: Basil Blackwell,

8. Hyman, David N (1973), Economics of Government Activity, Holt, Rinchard and Winston Inc

9. Browning, Edgar K., and Jacqulene M. Browning (1979) Public Finance and the Price System. Macmillan,

OBJECTIVES

- a. Familiarize the students with range of policy issues and relevant analytical and empirical tools.
- b. The course aims to give students an appreciation of the analytical methods in economics for the study of the public sector and the role of the state in principle and in practice.

COURSE OUTCOME

CO1	This aid students, by examining a series of topics, which failed to analyse in microeconomics or to say the market failure.
CO2	Equip students in theoretical and empirical understanding to analyse why there is a government or public good at all and how are we able to reach a consensus or prerogative to provide that.
CO3	The theoretical tools they learn would help them to develop economic theory in public sector economics and equip them to apply in any of the applied courses later in their degree.
CO4	It also aims to teach students to use analytical tools to interpret concrete cases to use public intervention.
CO5	The emphasis will be laid on learning how to formulate a logical and coherent argument.

LESSON PLAN

Unit/ session/ hours (time Required)	Topics for student preparation (input)	Procedure (process) Student centric Method of teaching	Activity	Learning outcome (output)	Assessme nt
Module 1: The Case for Public Sector 10 Hours	The role of government in the national economy- Concepts of club goods, public goods- Tiebout hypothesis, merit goods, externalities, Pigovian tax.	<ul style="list-style-type: none"> • Discussion • Participative learning 	<ul style="list-style-type: none"> • Peer Group Discussion on role of government 	This aid students, by examining a series of topics, which failed to analyse in microeconomics or to say the market failure.	Evaluation Through MCQ
Module-2 Public Revenue and Policy 20 Hours	Theory of tax- Partial and general equilibrium analysis- Shifting and incidence of tax- Theory of optimal taxation- Distributional considerations in public finance- Fiscal and monetary policies - Comparative analysis- Balanced budget multiplier- Zero based budgeting.	<ul style="list-style-type: none"> • Lecture • Discussion • Problem solving 	<ul style="list-style-type: none"> • Peer Groups were asked to collect information on distributional considerations in public finance 	Equip the students in theoretical and empirical understanding to analyse why there is a government or public good at all and how are we able to reach a consensus or prerogative to provide that.	Viva voce
Module -3 Public Expenditure and Debt 20 Hours	Pure theory of public expenditure-Pricing of public utilities-Public choice theory-The Median Voter theorem- Concept of subsidy-Macroeconomic impacts of deficits- Debt burden and inter-generational equity-Sustainability of public debt and Domar stability condition.	<ul style="list-style-type: none"> • Lecture • Discussion • Experiential Learning 	Students were asked to collect information on macroeconomic impacts of deficits and debt burden	The theoretical tools they learn would help them to develop economic theory in public sector economics and equip them to apply in any of the applied courses later in their degree.	Evaluation through tests

Module-4: Fiscal Federalism 20 Hours	Theory of fiscal federalism- Theory of inter- governmental transfers- fiscal decentralisation- Problems of centre-state financial relations in India- Vertical and horizontal imbalance in inter- governmental transfers in India.	<ul style="list-style-type: none"> • Discussion • Lecture with the help of power Point presentation • Problem solving 	<ul style="list-style-type: none"> • Peer Group Discussion theory of fiscal federalism- and Theory of inter- governmental transfers 	It also aims to teach students to use analytical tools to interpret concrete cases to use public intervention. The emphasis will be laid on learning how to formulate a logical and coherent argument.	Evaluation through tests
Module-5: Indian Public Finance 20 Hours	Trend and sources of revenue in the union, states and local bodies in India- Trends in public expenditure and public debt in India- VAT and GST in federal set-up- The FRBM Act- Federalism and issues of Centrally Sponsored Schemes- Finance Commissions and the changing centre- state relations during the reform period- Analysis of the latest union budget.	<ul style="list-style-type: none"> • Lecture • Discussion • Problem solving • Experiential Learning 	<ul style="list-style-type: none"> • Peer Group Discussion on trend and sources of revenue, expenditure and public debt at different levels of government • Debate on GST 	Understand working different levels of Government	Evaluation through tests and MCQ

UNIT WISE BREAK UP

LECTURE HOURS: 90

Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Module 1	The Case for Public Sector	10			
Unit 1.	The role of government in the national economy	3	Read about role of government	Lecture and Illustrations	Make a short note on functions of financial market
Unit 2.	Concepts of club goods, public goods, merit goods and Tiebout hypothesis.	4	Realize different concepts related to public goods	Discussions	

Unit 3	Externalities and Pigovian tax.	2	Check the knowledge related to externalities	Discussions	Short presentation by PLG
Module 2	Public Revenue and Policy	20			
Unit 1.	Theory of tax- Partial and general equilibrium analysis	5	Read about theories of tax	Lecture and Illustrations	MCQ
Unit 2.	Shifting and incidence of tax- Theory of optimal taxation- Distributional considerations in public finance-	10	Check the knowledge about incidence of tax	Lecture and Illustrations on	Evaluation through class test and Viva voce
Unit 3	Fiscal and monetary policies -Comparative analysis- Balanced budget multiplier- Zero based budgeting.	5	Review fiscal and monetary policies	Illustrations	Evaluation through tests
Module 3	Public Expenditure and Debt	20			
Unit 1	Pure theory of public expenditure-Pricing of public utilities-Public choice theory-The Median Voter theorem.	2	Discuss about theories of public expenditure	Lecture and Illustrations	Set theory problems Draw Venn Diagram
Unit 2	Concept of subsidy- Macroeconomic impacts of deficits-	8	Read on deficit financing	Illustrations	Probability problems
Unit 3	Debt burden and inter-generational equity- Sustainability of public debt and Domar stability condition.	5	Realize about debt burden and intergenerational equity	Discussions	Evaluation through tests and viva voce
Module 4	Fiscal Federalism	20			
Unit 1.	Theory of fiscal federalism	5	Read about federalism	Illustrations	Identify functions of different markets
Unit 2.	Theory of inter-governmental transfers	5	Review intergovernmental transfers	Illustrations	Understand the various concepts related to liquidity products

Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Unit 3.	fiscal decentralisation-Problems of centre-state financial relations in India-Vertical and horizontal imbalance in inter-governmental transfers in India.	10	Read about fiscal decentralization	Illustrations and discussions	Evaluation Through MCQ
Module 5	Indian Public Finance	20			
Unit 1	Trend and sources of revenue, expenditure and public debt in India at different levels of government.	5	Check the knowledge about revenue and expenditure status of different levels of government	Lecture and Illustrations	Evaluation Through MCQ
Unit 2	VAT and GST in federal set-up- The FRBM Act- Federalism and issues of Centrally Sponsored Schemes	5	Revise knowledge VAT, GST and FRBM Act	Illustration and debate	Viva voce
Unit 3	Finance Commissions and the changing centre- state relations during the reform period-Analysis of the latest union budget.	5	Check knowledge about Finance commission	Illustrations and Discussion	Short presentation by PLG

Teacher in Charge : Dr. Franco T Francis

SEMESTER IV

Semester	Name of the Course	Credit	Hours/ Week	Total Weightage	
				External	Internal
IV	CC19PECO4 C12 International Finance	3	6	30	5
	CC19PECO4 C13 Financial Markets	3	6	30	5
	CC19PECO4 E01 - Advanced Econometrics	4	6	30	5
	CC19PECO4 E06 - Agricultural Economics	4	6	30	5
	CC19PECO4 P14 Project	4	1	4	1
	CC19PECO4 V15 Comprehensive Viva Voce	4			
	Total Credits		80		





CHRIST COLLEGE

(A U T O N O M O U S) I R I N J A L A K U D A - K E R A L A

COURSE PLAN

MA ECONOMICS

FOURTH SEMESTER

Mentor	Sasi C	
Head of the Department	Sr. Rosy V. O.	

CC19PECO4 C12 INTERNATIONAL FINANCE

Total Hours: 90, Lecture Hours: 70, Seminar Hours: 20

Examination 3 Hours

Objectives: This course aims to explore various aspects and things related to the international market and its relationship. The emphasis of this course is on concepts and introduction of various tools required for policy analysis and empirical research in International economics. In particular, the course aims to deepen students' understanding of how economic theory can be applied to analyze policy problems of international markets.

SYLLABUS

Module I: Balance of Payments

Balance of payments- Components- Equilibrium and disequilibrium in BOP- Methods of correcting BOP deficit-Adjustment mechanisms-Automatic, price and income adjustments- Elasticity approach- Marshall-Lerner condition- Absorption approach-Monetary approach- J curve effect- Currency convertibility- Current and capital account convertibility-The Indian experience-FEMA.

Module II: Exchange Rate and Theories of Exchange Rate Exchange rate-Nominal, Real, Effective, NEER, REER- Exchange rate systems- Relative merits and defects of fixed and flexible exchange rates- Hybrid exchange rates- Exchange rate in India-Purchasing power parity theory-Monetary approach- Asset market (portfolio balance) model- Exchange rate overshooting.

Module III: Foreign Exchange Market Foreign exchange market-Functions-Participants-Stability of foreign exchange markets- Spot and forward market- Currency futures and options-Swap market- Foreign exchange risk- Hedging- Speculation- Stabilizing and de-stabilizing- Currency arbitrage-Policy adjustments- Expenditure changing and expenditure switching policies- Internal and external balance under alternative exchange rate regimes- Assignment problem- Swan diagram- Mundell-Fleming model- The policy mix under fixed and flexible exchange rates.

Module IV International Capital Flows Portfolio investment and direct investments- Motives for capital flows- Effects of international capital flows- Multinational corporations- Advantages and disadvantages of MNCs- Foreign investment in India since 1991.

Module V International Monetary System International monetary system-The gold standard and its breakdown-Bretton Woods system and its breakdown- Present international monetary system- European monetary union- Euro-Optimum currency areas- Currency boards- Dollarization.

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1. Dominick Salvatore: International Economics- JohnWiley and Sons.
2. Keith Pilbeam: International Finance-Macmillan.
3. Bo Sodersten and Geoffrey Reed: International Economics- Macmillan, London.
4. Paul R Krugman and Maurice Obstfeld: International Economics: Theory and Practice- Pearson Education, Singapore.
5. Thomas A. Pugel: International Economics- TMH.
6. Michael Melvin: International Money and Finance- Pearson Education.
7. James C Ingram and Robert M Dunn: International Economics- JohnWiley and Sons.
8. Keith Pilbeam: Finance and Financial Markets- Palgrave.
9. Dennis R Appleyard and Alfred J Field: International Economics-McGraw Hill.
10. Robert J Carbaugh (2011): Global Economics- Cengage Learning.
11. Giancarlo Gandolfo: International Finance and Open Economy Macroeconomics- Springer.
12. Van den Berg: International Finance and Open Economy Macroeconomics- World Scientific.
13. Lawrence Copeland: Exchange Rates and International Finance-Pearson Education.
14. M Levi: International Finance-McGraw Hill.
15. Richard Caves, Jeffrey Frankel and Ronald Jones: World Trade and Payments- Pearson Education.
17. Sumati Varma: Currency Convertibility: Indian and Global Experiences-New.

OBJECTIVES

- a) *To deepen students' understanding of how economic theory can be applied in the field of international finance.*
- b) *To help students to explore the economic foundations for the policy analysis related to international issues.*
- c) *To familiarize students on the concepts and introduction of various tools required for policy analysis and empirical research in international markets.*

COURSE OUTCOME

CO1	Sensitize the overall development in international market
CO2	Draw distinctive features of India and world in international relations.
CO3	Realize the need of Foreign Exchange and its determination
CO4	Realize the importance of Bop and its components.
CO5	Deduce the behaviour of demand, supply of foreign exchange
CO6	Identify problems of international market
CO7	Assess the experience of India in Currency convertibility and various acts.

LESSION PLAN

Unit/ session/ hours (time Required)	Topics for student preparation (input)	Procedure (process) Student centric Method of teaching	Activity	Learning outcome (output)	Assessment
Module I: Balance of Payments 20 Hours	Balance of payments- Components- Equilibrium and disequilibrium in BOP- Methods of correcting BOP deficit-Adjustment mechanisms-Automatic, price and income adjustments- Elasticity approach- Marshall-Lerner condition- Absorption approach-Monetary approach- J curve effect- Currency convertibility- Current and capital account convertibility- The Indian	<ul style="list-style-type: none"> • Lecture • Discussion • Participative learning 	<ul style="list-style-type: none"> • Peer Group Discussion on importance of Bop to development 	Students should be able to: <ul style="list-style-type: none"> • Learn the importance of Bop and its problem correcting mechanism • Able to learn the Indian experience in currency 	Evaluation through MCQ

	experience-FEMA.			convertibility.	
Module II: Exchange Rate and Theories of Exchange Rate 20Hours	Exchange rate-Nominal, Real, Effective, NEER, REER- Exchange rate systems- Relative merits and defects of fixed and flexible exchange rates- Hybrid exchange rates- Exchange rate in India- Purchasing power parity theory- Monetary approach- Asset market (portfolio balance) model- Exchange rate overshooting.	<ul style="list-style-type: none"> Lecture Discussion Participative learning Problem solving 	<ul style="list-style-type: none"> Revision of topics by allotting one topic for each Peer Learning Group to present 	Students should be able to: <ul style="list-style-type: none"> Realize the need to study through the different exchange rate. 	Evaluation through test
Module III Foreign Exchange Market 20 Hours	Foreign exchange market- Functions-Participants Stability of foreign exchange markets- Spot and forward market- Currency futures and options- Swap market- Foreign exchange risk- Hedging- Speculation- Stabilizing and destabilizing- Currency arbitrage- Policy adjustments- Expenditure changing and expenditure switching policies- Internal and external balance under alternative exchange rate regimes- Assignment problem- Swan diagram- Mundell-Fleming model- The policy mix under fixed and flexible exchange rates.	<ul style="list-style-type: none"> Lecture Discussion Participative and Experiential learning 	<ul style="list-style-type: none"> Students were asked to collect information on real life examples to justify the Concepts. 	Students should be able to: <ul style="list-style-type: none"> Deduce the behaviour of demand, supply of Foreign Exchange 	Evaluation through Test
Module IV International Capital Flows 10 Hours	Portfolio investment and direct investments- Motives for capital flows- Effects of international capital flows- Multinational corporations-	<ul style="list-style-type: none"> Lecture Discussion Participative learning 	<ul style="list-style-type: none"> Peer Groups were asked to collect information on foreign investments and its flows 	Students should be able to: <ul style="list-style-type: none"> Identify problems of capital flows in India analyze the measures to 	Evaluation through test

	Advantages and disadvantages of MNCs- Foreign investment in India since 1991.		through MNC	overcome the same.	
Module V International Monetary System 20 Hours	International monetary system-The gold standard and its breakdown-Bretton Woods system and its breakdown- Present international monetary system- European monetary union- Euro-Optimum currency areas- Currency boards- Dollarization.	<ul style="list-style-type: none"> Lectures Discussion Participative learning 	<ul style="list-style-type: none"> Peer Group Discussion on topics Students' presentations 	Students should be able to: <ul style="list-style-type: none"> Assess the problems in international monetary systems. 	Evaluation through Test

UNIT WISE BREAK UP

Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Module 1:	Balance of Payments	20			
Unit 1.	Balance of payments- Components- Equilibrium and disequilibrium in BOP	5	Check the knowledge in basic concepts	Lectures and Discussion	Make short notes on the role of BoP in economic development
Unit 2.	Methods of correcting BOP deficit- Adjustment Mechanisms-Automatic, price and income adjustments- Elasticity approach- Marshall-Lerner condition- Absorption approach- Monetary approach- J curve effect	10	Understand the main theories in Agricultural Economics	Lectures and Discussion	Make notes on application of various approach to correct Bop deficit.

Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Unit 3	Currency convertibility- Current and capital account convertibility-The Indian experience-FEMA.	5	Check the knowledge inTOT concept	Lectures and Discussion	Evaluate the Currency Convertibility.
Module 2	Exchange rate and Theories of Exchange rate	20			
Unit 1.	Exchange rate-Nominal, Real, Effective, NEER, REER- Exchange rate systems- Relative merits and defects of fixed and flexible exchange rates-	10	Understand the various exchange rates	Lectures and Illustrations	Assignment
Unit 2.	Hybrid exchange rates- Exchange rate in India-Purchasing power parity theory-	5	Understand the Hybrid exchange rate and exchange rate determination through PPP.	Lectures and Illustrations	Assignment
Unit 3	Asset market (portfolio balance) model- Exchange rate overshooting.	5	Understand the asset market.	Lectures and Illustrations	Assignment
Module 3	Foreign Exchange Market	20			
Unit 1	Policy adjustments- Expenditure changing and expenditure switching policies- Internal and external balance under alternative exchange rate regimes- Assignment problem- Swan diagram-	5	Understand the importance of achieving external and internal balance	Lectures and presentations	Short presentation byPLG
Unit 2	Mundell-Fleming model- The policy mix under fixed and flexible exchange rates.	5	Understand the policy measures to attain equilibrium both at goods, money and open market	Lectures and Illustrations	Policy suggestions for overcoming international problems

Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Module 4	International Capital Flows	10			
Unit 1.	Portfolio investment and direct investments- Motives for capital flows- Effects of international capital flows-	5	Understand the concept of foreign capital	Lectures and Illustrations	Unit 1.
Unit 1.	Portfolio investment and direct investments- Motives for capital flows- Effects of international capital flows-	5	Understand the concept of foreign capital	Lectures and Illustrations	Unit 1.
Unit 2.	Multinational corporations- Advantages and disadvantages of MNCs- Foreign investment in India since 1991.	5	Understanding the importance of MNC	Lectures and Illustrations	Unit 2.
Module 5	International Monetary System	20			
Unit 1	International monetary system-The gold standard and its breakdown- - -	5	Realizing the rules and regulations of international transactions.	Lectures and Illustrations	To make short notes on changing laws in international transactions
Unit 2	Bretton Woods system and its breakdown	5	Review the importance of Bretton Woods system	Lecture and Discussions	Short presentation by PLG
Unit 3	Present international monetary system	5	Realizing the present context in international market.	Lecture and Discussions	Presentations by PLG

Teacher in Charge: Sasi C

CC19PECO4 E01 - ADVANCED ECONOMETRICS

Lecture Hours per week: 6, Credits: 4

Internal: 20, External: 80, Examination 3 Hours

Objectives:

The objective is to understand the economic interpretations and application of considered econometric models.

Module I: Qualitative Response Regression Models

The linear probability model (LPM)- The logit model- The probit model- The tobit model.

Module II: Dynamic Econometric Models and Panel Data Regression Models

Autoregressive and distributed-lag models-Role of lag in economics-The Koyck approach-The adaptive expectations model- Stock adjustment model-Estimation of autoregressive models- The method of instrumental variable (IV)- Durbin h test- Almon approach to distributed lag models.

Panel Data Regression Models

Fixed effects regression model-The random effects model.

Module III: Simultaneous Equation Methods

Simultaneous equation bias-The identification problem-Rules of identification- Rank and order condition- Simultaneous equation methods-Limited information versus full information methods-Recursive models and ordinary least squares-The method of indirect least squares (ILS)-The method of two stage least squares (2SLS)-Instrumental variable estimation- Properties of various estimators.

Module IV: Instrumental Variables Regression and Time Series Econometrics

Instrumental variables estimator with a single regressor and a single instrument- The general IV model-Checking instrument validity, instrument relevance and instrument exogeneity.

Time Series Econometrics

Stochastic processes, stationary versus nonstationary stochastic processes-Unit roots-Trend stationary versus difference stationary stochastic processes- Spurious regression-Testing for unit roots- Dickey Fuller and Augmented Dickey Fuller tests-Cointegration and error correction models

Module V: Modelling Stochastic Processes

The Box Jenkins methodology -AR, MA, ARMA and ARIMA models-Estimation and forecasting- Vector autoregression (VAR)-Measuring volatility- The ARCH and GARCH models.

References

- 1: Damodar N Gujarati and Dawn C Porter (2009): Basic Econometrics- Fifth Edition, McGraw Hill International Edition.46
- 2: James H Stock and Mark W Watson (2008): Introduction to Econometrics- Pearson, Addison Wesley.
- 3: Christopher Dougherty (2007): Introduction to Econometrics, Third Edition, Oxford University Press.
- 4: Robert S Pindyck and Daniel L Rubinfeld (1998): Econometric Models and Economic Forecasts- Fourth Edition, McGraw Hill International Edition.
- 5: Jeffrey M Wooldridge (2006) -Introductory Econometrics: A Modern Approach- Third Edition, Thomson South Western
- 6: Chandan Mukherjee, Howard White and Marc Wuyts (1998): Econometric and Data Analysis for Developing Countries- First Edition, Routledge
- 7: Gary Koop (2005): Analysis of Economic Data- Second Edition, John Wiley and Sons.
- 8: Kerry Patterson (2000): An Introduction to Applied Econometrics: A Time Series Approach- First Edition, Palgrave.
- 9: Jack Johnston and John Dinardo (1998): Econometric Methods- Fourth Edition, The McGraw Hill Companies.
- 10: William H Greene (2003): Econometric Analysis- Fifth Edition, Pearson Education.
- 11: Walter Enders (2004): Applied Econometric Time Series- Second Edition, Wiley India Edition.
- 12: Richard Harris and Robert Sollis (2006): Applied Time Series Modelling and Forecasting- First Edition, Wiley Student Edition.

OBJECTIVES

- a) *to familiarize the students in the economic interpretations and application of considered econometric models.*
- b) *To develop skill in economic forecasting techniques and enriches them with problem solving skills.*

COURSE OUTCOME

CO1	Learning the basics of time series econometrics and to attain conceptual clarity
CO2	Acquires the skills to interpret models involving qualitative information and to deal with equations involving simultaneity
CO3	Understands how to apply Simultaneous regression models to statistical data
CO4	Learning more about the estimation and testing of Indirect Least Squares and 2SLS
CO5	Acquires the skills to understand various ARIMA Models
CO6	Understands Panel Data and estimation of panel data regression models

LESSON PLAN

Unit/ session/ hours (time Required)	Topics for student preparation (input)	Procedure (process) Student centric Method of teaching	Activity	Learning outcome (output)	Assessment
Module 1 Qualitative Response Regression Models 10 hours	Basics of qualitative response models	<ul style="list-style-type: none"> Lecture 	<ul style="list-style-type: none"> Group Discussions 	To understand the logit, probit and tobit models	Evaluation through tests
Module-2 Dynamic Econometric Models and Panel Data Regression Models 20 Hours	AR models Different types of data in econometric studies	<ul style="list-style-type: none"> Lecture Discussion Participative learning 	<ul style="list-style-type: none"> Group Discussion on AR models and panel data 	To understand about dynamic econometric models and panel data	Evaluation through tests
Module-3 Simultaneous Equation Methods 20 Hours	Basics of Simultaneous Equation Methods	<ul style="list-style-type: none"> Lecture 	<ul style="list-style-type: none"> Group Discussions 	To understand the Simultaneous Equation Methods and different conditions	Evaluation through tests
Module-4: Instrumental Variables Regression and Time Series Econometric s 20 Hours	Basics of Instrumental Variables and Time Series Econometrics	<ul style="list-style-type: none"> Lectures and Discussion 	Discussion on Instrumental Variables Regression and Time Series Econometrics	To understand the basics of Instrumental Variables Regression and Time Series Econometrics analysis	Evaluation through tests and common discussions
Module -5: Modelling Stochastic Processes 20 Hours	Various techniques of Modelling Stochastic Processes	<ul style="list-style-type: none"> Lectures 	Detailed discussion on Various techniques of Stochastic Processes	To understand the Various techniques of Modelling Stochastic Processes	Evaluation through tests and common discussions

UNIT WISE BREAK UP

LECTURE HOURS: 90

Module No.	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Module 1	Qualitative Response Regression Models	10			
Unit 1.	The linear probability model (LPM)	5	To understand the basics of LPM	Lectures	Make discussion on LPM
Unit 2	The logit model- The probit model- The tobit model.	5	To understand the models	Lectures	Make study material on the topic
Module 2	Dynamic Econometric Models and Panel Data Regression Models	20			
Unit 1.	Autoregressive and distributed-lag models-Role of lag in economics- The Koyck approach- The adaptive expectations model- Stock adjustment model	5	To know about AR models	Lecture and Illustrations	Make presentations on different dynamic econometrics models
Unit 2.	Estimation of autoregressive models- The method of instrumental variable (IV)- Durbin h test- Almon approach to distributed lag models.	10	To learn the basics of estimation	Lecture and discussions	Make a study on the estimation techniques of AR models
Unit 3	Panel Data Regression Models Fixed effects regression model-The random effects model.	5	Basics of panel data	Lectures and discussions	Make a presentation on Panel Data Regression Models
Module 3	Simultaneous Equation Methods	20			

Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Unit 1	Simultaneous equation bias-The identification problem-Rules of identification- Rank and order condition- Simultaneous equation methods-Limited information versus full information methods	10	To understand the basics of Simultaneous equation methods	Lectures, Illustrations and discussions	Make a study note on the topics
Unit 2	Recursive models and ordinary least squares-The method of indirect least squares (ILS)-The method of two stage least squares (2SLS)- Instrumental variable estimation- Properties of various estimators.	10	To know about the different least square methods	Lectures and Discussions	Make a presentation on least square methods
Module 4	Instrumental Variables Regression and Time Series Econometrics	20			
Unit 1.	Instrumental variables estimator with a single regressor and a single instrument- The general IV model- Checking instrument validity, instrument relevance and instrument exogeneity.	10	To know about the instrumental variables	Lectures	Make a presentation on Instrumental variables and its relevance
Unit 2.	Time Series Econometrics Stochastic processes, stationary versus nonstationary stochastic processes-Unit roots- Trend stationary versus difference stationary stochastic processes- Spurious regression-Testing for unit roots- Dickey Fuller and Augmented Dickey Fuller tests-Cointegration and error correction models	10	To understand the basics of time series econometrics and its concepts	Lectures and discussions	Application of time series econometrics
Module 5	Modelling Stochastic Processes	20			
Unit 1.	The Box Jenkins methodology -AR, MA, ARMA and ARIMA models-	10	To know about the different	Lectures	Make a presentation

	Estimation and forecasting		models and estimation		on modelling and forecasting
Unit 2.	Vector autoregression (VAR)- Measuring volatility- The ARCH and GARCH models.	10	To know about the VAR models	Lectures	Make a presentation on the topic

Teacher in Charge: Jean Maria George

CC19PECO4 C13 - FINANCIAL MARKETS

Lecture Hours per week: 6, Credits: 3

Internal: 5 weightage, External: 30 weightage, Examination 3 Hours

SYLLABUS

Module I: Financial Markets

Functions of financial markets-Types of financial markets- Participants in financial markets- Role of financial intermediaries-Financial innovation-Financial inclusion and inclusive growth.

Module II: Money Market

Functions of money market-Instruments of the money market-Call money-Bill of exchange- Commercial bills-Treasury bills-Commercial paper-Interbank market-Federal funds- Negotiable certificate of deposits- Banker's acceptance-Repurchase agreements-Money market mutual funds- Features of a developed money market-Structure of Indian money market- Money market reforms in India since 1991.

Module III: Capital Market

Functions of capital market-Primary market-Instruments of the primary market-Secondary market-Functions- Instruments of the secondary market-Demutualisation of stock exchanges- Trading mechanism of the stock exchanges- Liquidity products (margin trading, short sales, securities lending and borrowing)-Foreign institutional investment-Participatory notes (P- notes)-Insider trading-Investor protection- Credit rating-Capital market institutions- Depositories-Discuss and Finance House of India-Stock Holding Corporation of India- Securities Trading Corporation of India-SEBI-Functions and powers- Capital market reforms in India since 1991.

Module IV: Derivatives Market

Types of derivatives-Participants in the derivative markets-Uses of derivatives- Options- Types of options-Uses of options-Platforms for options trade-Trading mechanics-Option premium-Profits and losses with options-Stock options and stock index options in India-Futures- Types of futures (stock index futures-foreign currency futures-interest rate futures- commodity futures)-Uses of futures-Market mechanics-Market participants- The clearing process- Stock futures and stock index futures in India-Difference between options and futures-Swaps-Interest rate swaps-Foreign currency swaps.

Module V: Global Financial Markets

Instruments- American Depository Receipts (ADR)-Global Depository Receipts (GDR)- Foreign Currency Convertible Bonds (FCCB)-External commercial borrowings- International bonds-Eurobonds-Euronotes-Euro commercial papers-Eurodollars- Eurocurrency market- Reasons for the growth-Features-Effects of the eurocurrency market.

References

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3. Anthony Saunders and Marcia Millon Cornett (2007): Financial Markets and Institutions: A Modern Perspective- TATA McGraw Hill.
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7. Robert A Strong (2002): Derivatives: An Introduction- Thomson South-Western.
8. John C Hull (1995): Introduction to Futures and Options Markets -Prentice Hall India.
9. Sunil K Parameswaran (2003): Futures Markets- Tata McGraw Hill.
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13. S Gurusamy (2009): Financial Markets and Institutions-McGraw Hill Higher Education.
14. H R Machiraju (2010): Indian Financial System- Vikas Publishing House New Delhi.
15. Y.V. Reddy: Monetary and Financial Sector Reforms in India- UBSPD, New Delhi.

OBJECTIVES

- a. To understand issues pertaining to pricing and hedging with options on individual stocks and indexes.
- b. To familiarize forwards and futures contracts for equity indexes, commodities, and currencies.

COURSE OUTCOME

CO1	To understand the role of financial markets and financial intermediaries.
CO2	Explain how the money markets operate and helps to identify the main participants
CO3	Explain how the capital markets operate and helps to identify the main participants
CO4	To provide an overview of derivate markets
CO5	To understand the working of global financial system

LESSON PLAN

Unit/ session/ hours	Topics for student preparation (input)	Procedure Student centric Method of teaching	Activity	Learning outcome (output)	Assessment
Module 1 Financial Markets 10 hours	Functions, types and participants in financial markets- Role of financial intermediaries-Financial inclusion.	<ul style="list-style-type: none"> • Discussion • Participative learning 	<ul style="list-style-type: none"> • Peer Group Discussion on functions and types of Financial markets. 	To understand the importance of: <ul style="list-style-type: none"> • Role of QT and its functions 	Evaluation Through MCQ
Module-2 Money Market 20 Hours	Functions and instruments of the money market-concepts - Money market mutual funds- Features of a developed money market-Structure of Indian money market and reforms.	<ul style="list-style-type: none"> • Lecture • Discussion • Problem solving 	<ul style="list-style-type: none"> • Peer Groups were asked to collect information on money market 	Students should be able to understand about money market	Viva voce
Module-3 Capital Market 20 Hours	Functions, instruments of capital market-Functions and instruments of the secondary market- Trading mechanism of the stock exchanges- Foreign institutional investment. Capital market institutions- Discount and Finance House of India- Stock Holding Corporation of India- Securities Trading Corporation of India-SEBI- Capital market reforms in India since 1991.	<ul style="list-style-type: none"> • Lecture • Discussion • Experiential Learning 	<ul style="list-style-type: none"> • Students were asked to collect information on capital market 	Understand working of capital market	Evaluation through tests
Module-4: Derivatives Market 20 Hours	Types, Participants and Uses of derivatives- types, uses and platforms for options trade-Trading mechanics- Stock options and stock index options in India- types, uses and market mechanics of futures -Difference	<ul style="list-style-type: none"> • Discussion • Lecture with the help of power Point presentation 	<ul style="list-style-type: none"> • Peer Group Discussion on derivatives. 	Students should be able to List the derivative instruments and briefly describe them.	Evaluation through tests

	between options and futures-Swaps.	<ul style="list-style-type: none"> • Problem solving 			
Module-5: Global Financial Markets 20 Hours	Instruments- ADR-GDR- Foreign Currency Convertible Bonds (FCCB)- External commercial borrowings-International bonds-Eurobonds-Euronotes-Euro commercial papers-Eurodollars-Eurocurrency market- Reasons for the growth-Features-Effects of the eurocurrency market.	<ul style="list-style-type: none"> • Lecture • Discussion • Problem solving • Experiential Learning 	<ul style="list-style-type: none"> • Peer Group Discussion on global financial markets. 	Understand working of global financial market.	Evaluation through tests and MCQ

UNIT WISE BREAK UP

LECTURE HOURS: 90

Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Module 1	Financial Markets	10			
Unit 1.	Functions, types and participants in financial markets-	3	Read about financial markets	Lecture and Illustrations	Make a short note on functions of financial market
Unit 2.	Role of financial intermediaries	4	Check the role played by financial intermediaries	Discussions	
Unit 3	Financial inclusion	2		Discussions	Short presentation
Module 2	Money Market	20			

Unit 1.	Functions and instruments of the money market	5	To read about money market	Lecture and Illustrations	MCQ
Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Unit 2.	Call money-Bill of exchange, Commercial bills, Treasury bills, Commercial paper-Interbank market-Federal funds- Negotiable certificate of deposits- Banker's acceptance-Repurchase agreements-Money market mutual funds	10	To check the knowledge about different concepts related to money market	Lecture and Illustrations on	Evaluation through class test and Viva voce
Unit 3	Features of a developed money market and Structure of Indian money market and reforms.	5	Review the knowledge about the structure of Indian money market	Illustrations	Evaluation through tests
Module 3	Capital Market	15			
Unit 1	Functions and instruments of capital market. Functions and instruments of the secondary market - Trading mechanism of the stock exchanges.	2	To understand Set and its types	Lecture and Illustrations	MCQ
Unit 2	Foreign institutional investment. Capital market institutions- Discount and Finance House of India-Stock Holding Corporation of India-Securities Trading Corporation of India-SEBI	8	To read on the concept of Probability	Illustrations	Assignment

Unit 3	Capital market reforms in India since 1991. Functions of capital market- Primary market- Instruments of the primary market- Secondary market- Functions- Instruments of the secondary market- House of India- Stock Holding Corporation of India- Securities Trading Corporation of India- SEBI- Functions and powers- Capital market reforms in India since 1991.	5	To realize the probability theory in decision making	Discussions	Evaluation through tests and viva voce
Module Number	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Module 4	Derivatives Market	20			
Unit 1.	Functions of capital market- Primary market- Instruments of the primary market- Secondary market- Functions- Instruments of the secondary market- Demutualisation of stock exchanges	5	To realize the applications of Binomial distribution in quality control	Illustrations	Identify functions of different markets
Unit 2.	Trading mechanism of the stock exchanges- Liquidity products (margin trading, short sales, securities lending and borrowing)- Foreign institutional investment- Participatory notes (P- notes)- Insider trading- Investor protection- Credit rating	5	To realize the applications of Poisson distribution	Illustrations	Understand the various concepts related to liquidity products
Unit 3.	Capital market institutions- Depositories- Discount and Finance House of India- Stock Holding Corporation of India- Securities Trading Corporation of India- SEBI- Functions and powers- Capital market reforms in India since 1991.	10	To realize the trading corporation of India	Illustrations and discussions	Evaluation Through MCQ
Module 5	Global Financial Markets	15			
Unit 1	Instruments- American Depository	5	To read about	Lecture and	Evaluation

	Receipts (ADR)-Global Depository Receipts (GDR)-		ADR & GDR	Illustrations	Through MCQ
Unit 2	Foreign Currency Convertible Bonds (FCCB)-External commercial borrowings- International bonds-Eurobonds- Euronotes-Euro commercial papers	5	Revise knowledge about FCCB	Illustrations	Viva voce
Unit 3	Eurodollars-Eurocurrency market- Reasons for the growth-Features- Effects of the eurocurrency market.	5	Check knowledge about Euro currency market	Illustrations and Discussion	Short presentation by PLG

Teacher in Charge : Sr. Rosy V.O.

CC15PECO4E06 - AGRICULTURAL ECONOMICS

**Total Hours: 90, Lecture Hours: 70, Seminar Hours: 20
Examination 3 Hours**

Objectives: This course aims to explore the economic foundations for public policy analysis related to agricultural issues in rural areas. The emphasis of this course is on concepts and introduction of various tools required for policy analysis and empirical research in agricultural economics. In particular, the course aims to deepen students' understanding of how economic theory can be applied to analyze policy problems of agricultural sectors.

SYLLABUS

Module I: Agriculture in Economic Development

Nature and scope of agricultural economics- Agriculture and economic development, Models of agricultural development (Schultz, Lewis, Fei & Ranis, Jorgenson, Todaro, Mellor, and Boserup) - Interdependence between agriculture and industry- Terms of trade between agriculture and industry.

Module II: Economic Decisions in Agriculture

Production- Factor-product relationship - Production functions- Cobb Douglas, CES & Spillman- Factor-factor relationship- Product-product relationship- Resource-use efficiency- Farm-size productivity debate- Capital formation in agriculture- Public versus private investment- Complimentarily versus substitutability debate- Classification of costs- Farm planning and farm budgeting- Systems of farm organization.

Module III: Behaviour of Demand, Supply and Agricultural Prices

Price determination of agricultural commodities-Elasticity of demand and supply of agricultural commodities- Cob-web theorem- Nerlovian supply response model-Prices

instability- Role of public intervention in price determination and distribution of agricultural commodities- Agricultural price policy in India- Instruments of price policy- Crop insurance- CACP- Output subsidy- PDS- Food inflation.

Module IV: Agricultural Marketing

Agribusiness- Market structure of agricultural commodities- Marketed and marketable surplus- Distress sales- Defects of markets- Regulated markets- Co-operative markets- Market intelligence- Futures trading.

Module V: Structural and Institutional Changes in Indian Agriculture

Area, production & productivity trends- Changing cropping pattern- Factors affecting cropping pattern- Agricultural development under five year plans- Green revolution- Agricultural inputs- HYV seeds- Farm mechanization- Fertilizer use efficiency- Crop irrigation technology- Input subsidies- Second green revolution- Ever green revolution- ICAR-Land reforms- Institutional and non-institutional sources of agricultural credit- NABARD- Co-operative credit, Rural indebtedness- Agricultural labour and wages- National Agricultural Policy 2000- National Commission on Farmers- WTO and Indian agriculture- DOHA Agreement.

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OBJECTIVES

- a. *To deepen students' understanding of how economic theory can be applied to analyze policy problems of agricultural sectors.*
- b. *To help students to explore the economic foundations for public policy analysis related to agricultural issues in rural areas.*
- c. *To familiarize students on the concepts and introduction of various tools required for policy analysis and empirical research in agricultural economics.*

OURSE OUTCOME

CO1	Sensitize the overall development and engine of growth in agriculture
CO2	Draw distinctive features of rural and urban economy or agricultural and non-agricultural which can influence the whole economy.
CO3	Realize the need to exploit and utilize limited resources available in the economy through development and improvement of production techniques
CO4	Compile information on the causes of regional variations in productivity and production, social and economic inequality, size of land holdings and lack of quality inputs etc. and suggest appropriate measures for the whole economy
CO5	Deduce the behaviour of demand, supply and agricultural Prices
CO6	Identify problems of agricultural marketing in India and analyze the measures to overcome the issues in agricultural marketing in India
CO7	Assess the agricultural problems in India with a global perspective, analyze the structural and institutional changes in Indian agriculture and formulate relevant policies to revitalize agriculture sector.

Unit/ session/ hours (time Required)	Topics for student preparation (input)	Procedure Student centric Method of teaching	Activity	Learning outcome (output)	Assessment
Module I: Agriculture in Economic Development 20 Hours	Nature and scope of agricultural economics- agriculture and economic development. Interdependence between agriculture and industry	Lecture Discussion Participative learning	Peer Group Discussion on importance of Agriculture in economic development	Students should be able to: Sensitize the overall development and engine of growth in agriculture. Draw distinctive features of rural and urban economy or agricultural and nonagricultural which can influence the whole economy	Evaluation through MCQ
Module II: Economic Decisions in Agriculture 20 Hours	-Factor-product relationship -Factor-factor relationship- -Product-product relationship	Lecture Discussion Participative learning Problem solving	Revision of topics by allotting one topic for each Peer Learning Group to present	Students should be able to: realize the need to exploit and utilize limited resources available in the economy through development and improvement of production techniques	Evaluation through test
Module III Behaviour of Demand, Supply and Agricultural Prices 20 Hours	-Cob-web theorem- -Nerlovian supply response model	Lecture Discussion Participative and Experiential learning	Students were asked to collect information on real life examples to justify the theories.	Students should be able to: Deduce the behaviour of demand, supply and agricultural Prices	Evaluation through Test
Module IV Agricultural Marketing 10 Hours	-Regulated markets- -Co-operative markets	Lecture Discussion Participative learning	Peer Groups were asked to collect information on Regulated markets Co-operative markets in India and were asked to present the same. Peer Group Discussion on measures to overcome the defects of agricultural marketing in India	Students should be able to: <ul style="list-style-type: none"> Identify problems of agricultural marketing in India analyze the measures to overcome the issues in agricultural marketing in India 	Evaluation through test

UNIT WISE BEAKE UP

LECTURE HOURS: 90

Module No.	Topic	No. of Lecture Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Module 1:	Agriculture in Economic Development	20			
Unit 1.	-Nature and scope of agricultural economics -Agriculture and economic development	5	Check the knowledge in basic concepts	Lectures and Discussion	Make short notes on the role of agriculture in economic development
Unit 2.	-Models of agricultural development (Schultz, Lewis, Fei & Ranis, Jorgenson, Todaro, Mellor, and Boserup)	10	Understand the main theories in Agricultural Economics	Lectures and Discussion	Make notes on application of Lewis and Fei Ranis model
Unit 3	-Interdependence between agriculture and industry -Terms of trade between agriculture and industry	5	Check the knowledge in TOT concept	Lectures and Discussion	Evaluate the TOT trade data of different countries
Module 2	Economic Decisions in Agriculture	20			
Unit 1.	Production- Factor-product relationship - Production functions- Cobb Douglas, CES & Spillman, -Factor-factor relationship- -Product-product relationship	10	Understand the basic Micro Economics concepts	Lectures and Illustrations	Producer equilibrium problems

Module No.	Topic	No. of Lectures Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Unit 2.	-Resource-use efficiency- - Farm-size productivity debate- -Capital formation in agriculture- -Public versus private investment- -Complimentarily versus substitutability debate-	5	Review Capital formation in agriculture and other relevant details in Economic survey	Lectures and Illustrations	Compute data from 1980-2019 and analyze the relationship between private and public investments in India
Unit 3	-Classification of costs- -Farm planning and farm budgeting -Systems of farm organization	5	Refresh the basic cost concepts	Lectures and Illustrations	Short case study presentation by PLG
Module 3	Behaviour of Demand, Supply and Agricultural Prices	20			
Unit 1	-Price determination of agricultural commodities- -Elasticity of demand and supply	10	Read the elasticity concepts	Lectures and Discussions	Conduct a case study to test Cob-Web model
Unit 2	-Price instability -Role of public intervention in price determination and distribution of agricultural commodities -Agricultural price policy in India- -Instruments of price policy	5	Understand the importance of Agricultural price policy in India	Lectures and presentations	Short presentation by PLG
Unit 3	-Crop insurance- -CACP- Output subsidy- -PDS- Food inflation.	5	Understand the basic inflation indices	Lectures and Illustrations	Policy suggestions for overcoming food inflation in India
Module 4	Agricultural Marketing	10			

Unit 1.	-Agribusiness- Market structure of agricultural Commodities-Marketed and marketable surplus- Distress sales	5	Understand the concept of markets and agriculture markets	Lectures and Illustrations	Collect information on distress sale in Kerala
Module No.	Topic	No. of Lectures Hours	Pre- class activity	Pedagogy (in class)	Out of class assignment
Unit 2.	-Defects of markets -Regulated markets- Co-operative markets - Market intelligence- Futures trading	5	Refresh ideas on future trading	Lectures and Illustrations	Policy suggestions for implementing eNam in Kerala
Module 5	Structural and Institutional Changes in Indian Agriculture	20			
Unit 1	-Area, production & productivity trends -Changing cropping pattern- -Factors affecting cropping pattern -Agricultural development under five-year plans	5	Refresh knowledge on Five-Year plans in India	Lectures and Illustrations	To make short notes on changing cropping pattern in India
Unit 2	-Green revolution- Agricultural inputs- HYV seeds- Farm mechanization -Fertilizer use efficiency- Crop irrigation technology- Input subsidies -Second green revolution- Ever green revolution	5	Brush up knowledge on Green Revolution in India	Lecture and Discussions	Short presentation by PLG
Unit 3	-ICAR -Land reforms -Institutional and non-institutional sources of agricultural credit- -NABARD- -Co-operative credit, -Rural indebtedness	5	Review the historical background of Land Reforms in India	Lecture and Discussions	Comment on the need for a Second Land Reform in India

Unit 4	Agricultural labour and wages- National Agricultural Policy 2000 - National Commission on Farmers - WTO and Indian agriculture- DOHA Agreement	5	Review the functions of WTO	Lecture and Discussions	Short presentation by PLG
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Teacher in Charge: Mrs. Ann Mary Cherian