

**MA Economics
Second Semester**

Econ 555 : Microeconomics II

**Credit 4
Teaching Hours: 64**

Course Objective:

This course intends to equip the students with the tools of economic analysis in analyzing and applying economic models and theories.

- Unit 1. Welfare Economics** **10 Hours**
Pigovian welfare economics; Criteria for social welfare: GNP growth, cardinalists criterion, Bentham's criterion; Kaldor-Hicks compensation principle; Scitovsky paradox, Bergson criterion; Social welfare function—properties and limitations; Pareto optimality; Theory of the second best; Arrow's impossibility theorem; Rawl's theory of social justice
- Unit 2. General Equilibrium** **16 Hours**
Walras model and its properties; Problem of existence, uniqueness and stability of equilibrium; Excess demand function approach to general equilibrium analysis; Absolute versus relative prices, perfectly competitive price and general equilibrium models, Edgeworth box, Pareto improvement and efficiency; Graphical treatment of the 2x2x2 general equilibrium model and interpretations
- Unit 3. Market Failure and Public Goods** **8 Hours**
Reasons for market failure—market imperfections, public goods, asymmetric information, externalities, macroeconomic factors; Theory of public goods—provision and pricing, government intervention, second-best solution, free riding, rent seeking and regulation; Types of externalities—production and consumption; Pigovian and Coasian solutions
- Unit 4. Input Markets** **14 Hours**
Demand and supply of inputs: Firm's and industry's input demand curves (perfectly and imperfectly competitive markets); monopoly and monopsony in input markets; Unions as monopolists; bilateral monopoly; Choice of optimal combination of inputs; Price of fixed factors: rents and quasi-rents; rent-seeking behavior
- Unit 5. Duopoly and Oligopoly Markets** **16 Hours**
Cournot's, Bertrand's, and Stackelberg's duopoly models; Chamberlin's oligopoly model; The kinked demand curve; Product differentiation; Cartels: joint profit maximizing and market sharing cartels; Price leadership models

References:

Cowell, F. (2006). Microeconomics: Principles and Analysis, Indian edition, Oxford.

Gravell, H. and R. Rees (2004). Microeconomics, third edition, Pearson

Henderson, James M. and Richard E. Quandt (2003). Microeconomic Theory: A Mathematical Approach, third edition. New Delhi: Tata McGraw-Hill Publishing Company Limited.

Koutsoyiannis, A. (1979). Modern Microeconomics, second edition, Macmillan.

Maddala, G.S. and Ellen Miller (2004). Microeconomics, second reprint. New Delhi: Tata McGraw-Hill Publishing Company Limited.

Mas-Colell, A., M.D. Whinston and J. Green (1995). Microeconomic Theory, Indian edition, Oxford.

Varian, H.R. (2009). Microeconomic Analysis, third edition, first Indian edition, Viva Books

Note: The instructor(s) may suggest additional references in the class.

MA II Semester

Econ 556. Macroeconomics II

Credit 4

Teaching Hours: 64

Course Objective

The objective of this course is to provide advanced knowledge on macroeconomic analysis. Upon the completion of this course, students will be able to understand analytical tools and apply them in formulating and analyzing economic models and theories.

Unit I: Keynesian Open Economy Model 6

Derivation of Balance of Payment Curve (BP), Policy Effects in Fixed Exchange Rate Regime, Policy Effects in Flexible Exchange Rate Regime (IS, LM and BP Approach).

Unit II: Recent Development in Macroeconomics 15

Price and output determination in Monetarism, New Classical Macroeconomics, Real Business Cycle Theory and New Keynesian Macroeconomics,

Unit III: Growth Theories 15

Basic Concepts, Harrod Model, Domar Model, Solow Model, Kaldor Model and Overview of New Growth Theory

Unit IV: Business Cycles Theories 8

Kaldor Model, Samuelson Model and Hicks Model

Unit V: Macro Distribution Theories 6

Ricardo, Kalecki and Kaldor Models

Unit VI: Macroeconomic Stabilization 10

Concepts, Economic Disturbances, Econometric Models for Policy Making, Lags in the Effects of Monetary and Fiscal Policies, Activist Policy, Rules vs. Discretions

Unit VII: Macro Policies 4

Structural Adjustment, Market Failure and Government Intervention

REFERENCES

- Barro, R.J. & Martin, X.J.(2004). *Economic growth*. Massachusetts: MIT Press.
- Branson, W.H. (1983). *Macroeconomic theories and policy*, (2nd ed.). New Delhi: All India Book Seller.
- Dornbush,R. & Fischer S. (1987). *Macroeconomics*, (4th ed.). New York: McGraw Hill Book Company.
- Froyen, R. T.(2003). *Macroeconomics: Theories and policies*, (7th ed.). New Delhi: Pearson Education.
- Gordon, R.J.(1990). What is new Keynesian economics?. *Journal of Economic Literature*, XXVII, 1115-1171.
- Hicks, J.R.(1950). *A contribution to the theory of trade cycle*. London: Oxford.
- Kaldor, N.A. (1940). Model of trade cycle. *The Economic Journal*, 50(197),78-92.
- Kaldor, N.A. (1957). A Model of economic growth. *The Economic Journal*, 67(268) ,591-624.
- Levacic, R. (1978). *Macroeconomics*. London: Macmillan.
- Ott,D.J., Ott, F.A., & Yoo, J.G. (1975). *Macroeconomic theory*. Tokyo: Kogakusa, McGraw Hill.
- Sen, A.K.(ed.)(1960). *Growth economics*. Harmondsworth : Penguin Books.
- Shapiro, E.(Various editions).*Macroeconomic analysis*. New Delhi: Galgotia Publication, Pvt. Ltd.
- Note: The instructor(s) may suggest additional references in the class.

M. A. Second Semester
Econ 557: Statistical Methods

Credit 4
Teaching Hours: 64

Course Objective

This course intends to equip the students with some of the statistical tools used in economics and economic analysis.

Unit 1: Probability and Probability Distributions **16 hours**

Review of Probability; Conditional Probability and Baye's Theorem; Random Variable (Discrete and Continuous); Probability Distribution and Density Functions (Uni-variate and bi-variate); Special Distribution Functions (Uniform, Binomial, Poisson, Hyper-geometric, Normal and log-normal distributions); Relationship between Binomial and Normal Distributions

Unit 2: Sampling Methods and Distributions **14 Hours**

Principle of Sampling; Population vs. Sampling; Probability and Non-probability Sampling, Sampling Techniques and Design; Sampling and Non-sampling Errors; Sampling Distributions of Means and Proportions, Standard Errors; Central Limit Theorem; Determination of Sample Size

Unit 3: Theory of Estimation **10 Hours**

Parameter and Statistic; Point and Interval Estimation; Properties of Good Estimators; Estimation Methods (Ordinary Least Squares Method, Maximum Likelihood Method and Method of Moments)

Unit 4: Hypothesis Testing **10 hours**

Formulation of Statistical Hypotheses (Null and Alternative); Types of errors (Type I and Type II); Confidence Interval and Level of Significance; Hypothesis Testing (z, t, F and Chi-square Tests)

Unit 5: Correlation and Regression **14 hours**

Review of Correlation Coefficients (Simple, Partial and Multiple Correlations); Concept of Least Squares Regression (Simple and Multiple Regressions); Interpretation of Regression Coefficients; Standard Error of Estimate; Test of Significances of the Regression Coefficients and the Model; Coefficient of Determination; Predictions from Regressing Equations

References

- Baltagi B. H. (2008). *Econometrics*. Fourth Edition, New York, Springer-Verlag Berlin Heidelberg
- Chau, Ya-lun (1969). *Statistical Analysis*. New York: Holt, Rinehart and Winston, Inc.
- Cochran William G. (1977). *Sampling Techniques*, Third Edition, New Work, John Wiley and Sons
- Croxton, F.E, D.J. Cowden abd S. Klein (1975). *Applied General Statistics*, Third edition. New Delhi: Printice-Hall of India P. Ltd.
- Hogg, R. and A. Craig (1970). *Introduction to Mathematical Statistics*, Third edition. New York: McMillian.
- Levin, Richard I. and David S. Rubin (1999). *Statistics for management*, Seventh edition. New Delhi: Prentice-Hall of India, Private Limited.
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- Speigel Murry R, J. Schiller and A. Srinivasan (2000). *Probability and Statistics*. New York. McGraw-Hill, Schaum's Outline Series.
- Spiegel Murray R. (2002). *Statistics*, Third edition. New York. McGraw-Hill, Schaum's Outline Series

M. A. Second Semester

Econ 558 : Economics of Development and Planning- II

Credit 3

Teaching Hours: 48

Course Objective:

This course offers opportunities for advanced studies with application perspective on development and planning with special focus on reshaping the economy, and dimensions in development and planning that account for sustained development.

1. Reshaping the Economy (12 Lectures)

Impacts of liberalization and globalization on growth and equity; Fiscal Federalism in the Refine of Liberalization and Globalization; Implications of Global Trading System on the Developing Countries; Governance and Globalization in the Context of LDCs like Nepal; Safety Nets; Corporate Social Responsibility; Special Economic Zones and its Impacts

2. Factors Affecting Development (16 Lectures)

Financing of Economic Development; Dimensions of Human Resource Development; Natural Resources, Technology and Development; Values, Institutions and Civil Society; Gender and Development; NGOs and the role of Private Sector in Development; Experience, Constraints and Prospects of Development in South Asia; Global Climate Change

3. Planning System (13 Lectures)

Planning in Socialist, Capitalist and Mixed Economies; Periodic and Perspective Plans; Local Development Planning; Regional Development Planning; Project Planning Growth Pole and Growth Center in Planning;

4. Case Studies (7 Lectures)

Various Case Studies

References

- Agrawal, A. (2012), *Social and economic impact of SEZ in India*, OUP.
- Ahluwallia, I.J. & John, W. (Eds.) (2003) *The South Asian experience with growth* OUP.
- Anand, S. & Sen, A. (1995). *Gender inequality and human development: Theories and measurement*. New York: Background papers for Human Development Report.
- Bagchi, A.K. & D'costa, A.P. (2012). *Transformation and development: The political economy of transition in India and China*. Oxford.
- Bardhan, K. & Klasen, S. (1999). UNDP's gender related indices: A critical review *World Development*, 27, 985-1010
- Basu, K. (2002). *Analytical Development Economics*. New York and New Delhi: OUP.
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- Chandna, R.C. (2004). *Regional planning and development*. New Delhi; Kalyani Publihers.
- Chang, Ha-J. (2003) *Globalization, economic development and role of the state*. London Zed Books.
- Choudhary, A.P. (2010). Inclusive growth and challenge of gender inequality in India. *The Indian Economic Journal*, Journal of the Indian Economic Association.
- Damodaran, A. (2010). *Encircling the seamless India, climate change, and the global commons*. OUP.
- Ghani, E. (Ed.). (2011). *Reshaping tomorrow is south Asia ready for the big leap?* OUP.
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- Karna, S.K. (2007). *Economic planning theory and practice*: Kirtipur: Quest Publication.
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- Lamy, P. (2006). *Globalization and global governance*.
- Meier, G.M. & Rauch, J.E. (2000). *Leading issues in economic development*. (8th ed.) New York: OUP
- Nuna, S. (1990). *Women and development*. New Delhi: National Institute of Educational Planning and Administration.
- Potts, D. (2005). *Project planning and analysis for development*. New Delhi: VIVA Books Private Limited.

- Rangarajan, C. & Srivastava, D.K. (2011). *Federalism and fiscal transfers in India*. OUP.
- Ray, D. (2003). *Development economics*. New Delhi: OUP.
- Reidar, D. (2004). *Development planning*. New Delhi: Academic Foundation.
- Rustogi, P. (2003). *Gender biases and discrimination against women: What do different indicators say?*. New Delhi: UNIFEM.
- Smith, G. (2001). *Globalization and governance*. Annual meeting of the Trilateral commission in London.
- Stephen, H. & Rao, M.G. (Eds.) (2013). *Federal reform strategies*, OUP.
- Thirlwall, A. P. (1999). *Growht and development*. (6th ed.). Macmillan.
- Todaro, M.P. and Smith, S.C. (2013). *Economic Development*. (10th ed.) New Delhi: Pearson Education.
- The World Bank, Annual World Bank Conference on Development Economics, Various Years.
- The World Bank, *World Development Reports*, Related Issues.
- Utting, P. & Clapp J. (2008). *Corporate accountability and sustainable development*. OUP.
- Waltz, K.N. (1999). *Globalization and governance*. Columbia University.