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# Economic Research Methods

Credits  
r s  
(60+15 internal assessment)  
n Hours  
Hours

**Objective :** The paper aims at equipping the students with various methods and techniques which can help them to carry out research in economics.

**Mode of Course work :** The course relies on a combination of lectures, solving problems, and discussing of academic articles or real-life situations. Teacher will assign topic for assignments on contemporary themes and issues from the syllabi. Special tutorials/contact hour for one-to-one student-teacher interactions.

## Internal Choice

10 questions will be set in all with two from each unit and one question spread over the entire syllabus.

The First question consisting 4 short notes, each carrying 5 marks, set out of the entire syllabi would be compulsory with no internal choice. Additionally, the students are required to attempt one questions from each Unit. Each such question would carry 10 marks.

## Syllabus

Research method and methodology – Relevance and Limitations. Typology of Economic Relations, Models and Data, Procedure for Estimating Macro Level Relations (Consumption Function/Investment Function. Wage or Price Relationship).

### III

**Difference Equations** Linear first order difference equations, non-linear first order equations, use of phase diagrams, second order difference equations, conditions of stability.

**Game Theory** Importance of strategic behaviour in economic decision making, cooperative and non-cooperative games; different equilibrium concepts: dominant strategy equilibrium, Nash equilibrium in pure and mixed strategy; repeated games, sequential games, sub-game perfect Nash equilibrium and non-credible threats; applications: Cournot and Bertrand models, ; ond o, se4(ant)d4(t

# Part II: For o Agricultural Economics

Credits  
7  
(60+15 internal assessment)  
7 Hours  
7 Hours

**Objective:** The paper is designed to expose the students to the contemporary issues in agricultural development both in the theory and in the Indian context.

**Mode of Course:** The course relies on a combination of lectures, (1)-2(e)4(c)4(t99707(h

### 1 I III

Political Economy of Agricultural Policies: Protection across countries and sectors, influence of political institutions; collective actions of lobbying groups and strategic interactions between lobbying groups and politicians; use of inefficient instruments and rent seeking; and explaining public investment in agricultural research.

Food Security and Food Assistance: Concept, Threat, Indicators and Mechanism to Food Security; Food Assistance Programmes [both Domestic and International], and Their Effectiveness.

### 1 I I

Indian Agriculture- Opportunities and Challenges: Expectations, Performance, Problems and Prospects of Indian Agriculture in the Post-reform Period.

Investment in Farm People: Role of Human Capital Formation [Education and Health] in Modernisation and Transition of Agrarian Economies.

### References

- Bruce L. Gardner and Gordon C. Rauser : Handbook of Agricultural Economics, Vol-1A,1B, 2A, 2B and 3; North-Holland, Amsterdam (2002)
- James G. Brown and Deloitte and Touche : Agro-industrial Investment and Operations, Washington, The World Bank. (1994)
- Government of India (2005) : Food Processing Policy, Ministry of Food Processing, New Delhi.
- T.W.Schultz (1981) : Investing in Peoples: The Economics of Population Quality, University of California, Berkley.
- Radhakrishna R, S. K. Rao, S. Mahendra Dev and K Subbarao (2006) : India in a Globalising World: Some Aspects of Macroeconomy, Agriculture and Poverty, Academic foundation, New Delhi.

## Part II: For o In ustr E/onos/s

Cr° ts  
r s  
(60+15 internal assessment)  
n° Hours,  
Hours

In the 21<sup>st</sup> century, efficiency and competitiveness in all spheres of economic life and more 500 industrial sectors are at the core of success. The present syllabus is designed for the students to capture the contemporary issues in industrial development both in theory and in the Indian context.

**For of Cours° or** The course relies on a combination of lectures, solving problems, and discussing of academic articles or real-life situations. Teacher will assign topic for assignments on contemporary themes and issues from the syllabi. Special tutorials/contact hour for one-to-one student-teacher interactions.

**THE A E E**

° questions will be set in all with two from each unit and one question spread over the entire syllabus.

The First question consisting 4 short notes, each carrying 5 marks, set out of the entire syllabi would be compulsory with no internal choice. Additionally, the students are required to attempt one question from each Unit. Each such question would carry 10 marks.

**I I**

IV. Globalization, trade liberalization and industrial market structure and economic performance: Theory and evidence since 1991.

References

- Martin, Stephen (2001) : Advanced Industrial Economics, Blackwell, (2<sup>nd</sup> edition).
- Scherer, F M & Ross David (1990) : Industrial Market Structure and Economic Performance, Boston Houghton Mifflin Company, (3<sup>rd</sup> edition).

of the Course or



## References

- Damodar Gujarati (2003) : Basic Econometric [4<sup>th</sup> Edition], McGraw Hill, New York.
- Jack Johnston and John Dinardo (1997) : Econometric Methods [4<sup>th</sup> Edition], McGraw Hill, New York.

## Part III: Econometrics II

Credits  
r s  
(60+15 internal assessment)  
Hours,  
Hours

**OBJECTIVE** : The aim of this paper is to make the students familiar with the use of Limited

## Part II

### ▼ Further Developments

Truncated and Censored Samples; Sample Selection Bias; The Truncated Regression Model; Marginal Effects; The Tobit Model; Interpretation of Tobit Model Coefficients; Testing for Normality; Limitations of the Tobit Model.

Bivariate Generalisations of the Tobit Model; the Selectivity(Heckit) Model; Two-step and Full-information Estimation Methods; Interpretation of Model Coefficients; Diagnostic Testing; the Double Hurdle (DH) Model; Switching Regressions; Diagnostic Testing.

## Part III

*Econometrics Application to Demand Analysis:* Introduction, Single Demand Equations, Systems Demand Equations, Dynamic Demand Analysis.

## Part I

*Econometric Applications to Production Analysis in Agriculture and Industry:* Basic Introduction to Theory of Firm, Relationship between Production, Cost and Profit Functions, Cobb-Douglas, CES, and Translog Production Functions.

Frontier Production Function and Technical Efficiency. Random Coefficient Frontier Production Function, Cost Function, and Employment Function. Total Factor Productivity- Measurement, Growth, and Decomposition.

### References

- Jack Johnston and John Dinardo (1997) : *Econometric Methods* [4<sup>th</sup> Edition], McGraw Hill, New York.
- Michael D. Intriligator (1996) : *Econometric Models, Techniques, and Applications*, (2<sup>nd</sup> Edition) Prentice-Hall, New Jersey.
- K. L. Krishna (1999) : *Econometric Application in India*, Oxford University Press, New Delhi.
- William H. Green (2000) : *Econometric Analysis*, (4<sup>th</sup> Edition) Prentice-Hall, New Jersey

## E E E II

### A E I EC IC HE Y I

Credits  
(60+15 internal assessment)  
75 Hours  
75 Hours

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

**Mode of Course** The course relies on a combination of lectures, solving problems, and discussing of academic articles or real-life situations. Teacher will assign topic for assignments on contemporary themes and issues from the syllabi. Special tutorials/contact hour for one-to-one student-teacher interactions.

### I C I F HE A E E E

10 questions will be set in all with two from each unit and one question spread over the entire syllabus.

The First question consisting 4 short notes, each carrying 5 marks, set out of the entire syllabi would be compulsory with no internal choice. Additionally, the students are required to attempt one question from each Unit. Each such question would carry 10 marks.

### I I

### I A E FAI E E IC EC ICA EC

- A Externalities** (i) Inefficiency of resource allocation in the presence of externalities; Impact of Market Structure on social welfare loss due to negative externalities.
- (ii) Reducing negative externalities. Emission Standards, Emission Fees, Cost & Benefit analysis of reducing negative externalities. Taxing negative externalities in Non Competitive market structures.
- (iii) Allocating Property Rights to reduce negative externalities: Coase Theorem; Markets for Pollution.
- B Consumer Choice** EY. Issue of over use and solution. Public goods. Paretian conditions for Public goods. Revealing preferences and valuing Public goods.

I II

II risks to Asymmetry / Information Issues of hidden characteristics/actions and Adverse Selection/Moral Hazard in Insurance and Labor Markets. Response of Market and Government to asymmetric information: efficiency effects.

III Justification for the Law of Small Numbers The emergence of Behavioral Economic Reference Points, Adaptation and Losses. Social Preference and Fair allocations; Law of small numbers; Belief Perseverance and confirmatory Bias.

I III

Monetarist Keynesian debate on Macro theory and Policy.

The Micro-foundations of the Phillips curve

Rational Expectations and the New classical Macro Economics:

Lucas critique

Policy ineffectiveness

Time inconsistency

Dornbusch's overshooting model

The random walk model – modern approach to consumption

Real Business Cycle Theory

I I

New Keynesian models of macroeconomic equilibrium:

(a) Real and nominal price rigidity:  
Menu costs; coordination failures; imperfect competition.

(b) Real and nominal wage rigidity:  
Insider-outsider models, efficiency wages; implicit contracts.

References

Pindyck, R.S. Rubinfeld, D L & P.L. Mehta : Microeconomics (5<sup>th</sup> Edition), Pearson Education, Delhi, Chapters 16, 17, 18.5. (2005)

Katz, M L and Harvey S Rosen (1999) : Microeconomics (3<sup>rd</sup> Edition) Irwin Chapter 16.

Szenberg, M and Ramrattan L (2004) : New Frontiers in Economics, Cambridge University Press. (following readings)

(i) Reading of Behavioral Economics by Mathew Robin

(ii) Information and the change in the Paradigm in Economics by Joseph E Stiglitz

Dornbusch, R, S. Fischer, R. Startz (2004) : Macroeconomics, (9<sup>th</sup> Edition) Tata McGraw Hills Publishing Co. Ltd., New Delhi.

Gupta, G S (2004) : Macroeconomics: Theory and Applications (2<sup>nd</sup> Edition), Tata McGraw Hills Publishing Co. Ltd., New Delhi.

Eric J. Pentecost (2000) : Macroeconomics: An open economy approach, Macmillan Press Ltd., London.

Bhaduri, A (1993) : Unconventional Economics Essays, Oxford University Press, New Delhi.

Rakshit, M (1989) : Studies in the Macroeconomics of Developing Countries. Oxford University Press, New Delhi.



### Part III

Recent Developments in the Theory and Role of Central Banks.  
Recent Developments in the Theory of Financial Markets and Asset Pricing.

### Part I

Fiscal Responsibility and Budget Management Act – Issues and Challenges.  
Tax and Expenditure Reforms in India.

### References

- Romer, David (2005) : Advanced Macroeconomics, (3<sup>rd</sup> Edition)  
McGraw-Hill, Singapore.
- Barro, Robert J & Xavier Sala-I-Martin : Economics Growth (2<sup>nd</sup> edition), McGraw-  
(2003) Hill, Singapore.
- Reddy, Y V (2004) : Lectures on Economic and Financial Sector  
Reforms in India Oxford University Press,  
New Delhi.
- Romer, Paul, M : The Origins of Endogenous Growth, The  
Journal of Economic Perspectives Volume  
8, Number 1, Winter 1994.
- Grossman Gene, M & Elhanan Helpman : Endogenous Innovation in the Theory of  
Growth, The Journal of Economic  
Perspectives Volume 8, Number 1, Winter  
1994.
- Solow Robert M : Perspective on Growth Theory, The Journal  
Economic Perspectives Volume 8, Number  
1, Winter 1994.
- Pack Howard : Endogenous Growth Theory: Intellectual  
Appeal and Empirical Shortcomings, The  
Journal of Economic Perspectives Volume  
8, Number 1, Winter 1994.
- Szenberg, M and Ramrattan L (2004) : New Frontiers in Economics, Cambridge  
University Press.

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