

ECO950:EVERYDAY ECONOMICS

L:3 T:0 P:0 Credits:3

Course Outcomes: Through this course students should be able to

- develop economic literacy and the ability to relate economics to the everyday life of individuals
- analyze the role governments around the world play in influencing the economy
- illustrate the everyday economic issues reported in the media
- identify the interdisciplinary knowledge, diverse issues, and global consciousness
- recite the policy relevant issues and be able to understand current events and to assess the likely impact of specific policies put forth by various government entities
- identify key macroeconomic indicators and measures of economics change, growth, and development

Unit I

Introduction to Basics : meaning of economics, reasons for economics to be exciting and useful for all, difference between microeconomics and macroeconomics, tools of economics, schools of thought in economics, five sector model, role of macroeconomic policies, gross domestic product- definition, measurement and international comparisons, national accounts, twin deficit, basics of money, interest rates, exchange rates, and inflation

Unit II

Aggregate demand, Employment and Personal Economic Decisions : components of aggregate demand- consumption, investment, government expenditure and net exports, economic performance of India post 1991, employment and compensation, personal finance- saving and investing your money wisely, personal spending- your purchases among uncertainties of life

Unit III

Government and the Economy : reasons for many economic activities being undertaken by the government- pure public goods, natural monopolies and externalities, fiscal policy- government expenditure, taxes, and debt, the Indian case, application of fiscal policy tools to the special case of 2008-09 in India, interesting questions related to sin taxes, bankruptcy, bailouts, rent control, subsidies, poverty, voodoo economics, supply-side economics, trickle down-economics, economic impact on environment, budget deficits, universal health care

Unit IV

Monetary policy and Financial Markets : basic concepts of money supply, money demand and monetary policy transmission and issues, commercial banking and investment banking, hedge funds, financial panic, deregulation of financial industry, stock market crash, the Indian case

Unit V

External Sector : basic concepts of balance of payments, exchange rate regimes, effectiveness of monetary and fiscal policy, decoupling hypothesis and recent Indian trends, case of freer trade and world trade organization

Unit VI

Economic Growth, Economic Systems and Globalization : cycles and growth- booms and bursts, economic systems of capitalism and communism, globalization, study of inclusiveness of economic growth in India, implications for managerial decision making

Text Books:

1. MACROECONOMIC POLICY ENVIRONMENT by ROY, SHYAMLAL, McGraw Hill Education (India) Private Limited

References:

1. EVERYDAY ECONOMICS: HONEST ANSWERS TO TOUGH QUESTIONS by OFFICER, LAWRENCE H., ST. MARTIN'S PRESS
2. DAY TO DAY ECONOMICS by DEODHAR, SATISH Y., RANDOM HOUSE