



GOA UNIVERSITY
Taleigao Plateau

SYLLABUS FOR GOA UNIVERSITY ADMISSIONS RANKING TEST (GU-ART) IN ECONOMICS

- Market-competitive versus non competitive markets-equilibrium, theories, models-real versus nominal prices. Demand and Supply: Market mechanism, Changes in market equilibrium, elasticity of demand and supply, types, determinants. Measurement of elasticity-point and arc method. Consumer choice: indifference curve analysis, budget constraint, equilibrium of the consumer, Revealed Preference theorem.
- Individual and market demand-price changes, income changes, normal goods, inferior goods and Engles curve, substitutes and complements-income and substitution effects- market demand, consumer's surplus, Bandwagon effect, snob effect.
- Production: production function, short run and long run, production with one variable input-Law of diminishing marginal returns, three stages of production, production with two variable inputs- Isoquants, Returns to Scale, Cost concepts-economic, accounting, fixed, variable, opportunity, marginal and average costs-costs in the short run, costs in the long run, economies of scope-Dynamic changes in cost
- Perfect Competition-assumptions / features: Profit maximization-equilibrium of the firm in the short run and long run-short run supply curve- long run industry supply curve. Monopoly- features; sources of monopoly power- average revenue and marginal revenue under monopoly-short run and long run price and output decisions of a monopoly firm; social cost of monopoly, Monopolistic competition: features, equilibrium- Oligopoly: features, price rigidity and kinked demand curve, cartel, introduction to Game theory
- The nature of macroeconomics; macroeconomic accounting, Output & income, Income and expenditure, saving and investment, accounting in an open economy, stocks and flows, the Money supply, money multiplier, equation of exchange.
- Keynesian Theory: output and employment, aggregate demand, components of aggregate demand-consumption, investment, government, theories of consumption and investment, equilibrium in the product market, the multiplier, the Keynesian cross, saving investment equilibrium- Fiscal policy, balanced budget multiplier, limitations of the Keynesian model.
- IS-LM Model: The IS curve; effects of interest rate on aggregate demand, deriving IS curve, properties of the IS curve-Fiscal policy, slope of the IS curve. The LM curve, the demand for money, supply of money, Asset market equilibrium, Deriving LM curve, properties of the LM curve, Monetary policy, slope of the LM curve. IS-LM equations, Dynamics in IS-LM model- effectiveness of monetary and fiscal policy under IS-LM framework

- The concept of aggregate demand; Derivation of aggregate demand (AD) curve, properties of the aggregate demand curve, policy changes and aggregate demand. Aggregate supply (AS) curve; wage setting models, Natural rate of unemployment, The AS curve, properties of the AS curve. The AS-AD model, dynamic adjustment in the AS-AD model, economic policy in the short run and long run- fiscal policy and monetary policy, the strengths and limitations of AS-AD model
- Inflation and Unemployment: Philips curve model-expectations augmented Phillips curve, dynamics of Phillips curve model, monetary policy, fiscal policy, limitations of Phillips curve model- the real interest rate, central bank reaction function, monetary policy rules.

References:

- Abel, Andrew B, Bens Bernanke and Dean Croushore (2011), *Macroeconomics*, 7th edition. Pearson, Boston.
- Baumol and Blinder (2009), *Contemporary Economics*, Cengage Learning, New Delhi
- Blanchard, Oliver (2009).*Macroeconomics*, 5th edition. Pearson Education, New Delhi.
- Case, Karl E. and Ray C. Fair(2007) *Principles of Economics*, 8th edition.Pearson Education.
- Case, Karl E., Ray C. Fair and S. Oster (2014).*Principles of Economics*, 9th Edition. Pearson Education, New Delhi.
- Dornbusch, Fischer and Statz (2010).*Macroeconomics*, 11th edition .McGraw Hill,New Delhi.
- Hyman, David N. (1997).*Macroeconomics*. Irwin, Chicago.
- Koutsoyiannis, A. (1979).*Modern Microeconomics – 2nd Ed.* Palgrave, London
- Mankiw, N. Gregory (latest edition). *Macroeconomics*.Worth Publishers, New York.
- Michl Thomas R (2002), *Macroeconomic Theory: A Short Course*, Prentice Hall India, New Delhi
- Mulhearn & Vane (1999) *Economics*, Macmillan, Hampshire
- Pindyck, Robert S., Rubinfeld, Daniel L. and Mehta, Prem L(2009). *Microeconomics*.Pearson Education. Dorling Kindersle (India) Pvt. Ltd.] New Delhi
- Samuelson, Paul A. & Nordhaus, William D. (2010).*Economics – 19th Ed.* Tata McGraw Hill New Delhi