

## **Azim Premji University Economics Master's Program Entrance Test**

Students applying for the MA in Economics will need to pass an online entrance test. The entrance test will consist of multiple choice questions and an essay question. The multiple choice questions will test definitional and conceptual foundational economics knowledge from microeconomics, macroeconomics, political economy, the Indian economy and quantitative methods. The duration of the test is 3 hours.

### **Test Preparation**

CORE textbook

<https://core-econ.org/the-economy/?lang=en>

State of Working India Report 2018

<https://cse.azimpremjiuniversity.edu.in/state-of-working-india/swi-2018/>

Froyen, Richard. Macroeconomics: Theories and Policies (any edition is fine)

<https://www.amazon.in/Macroeconomics-Theories-Policies-10e-Froyen/dp/9332518327>

<https://www.pearson.com/us/higher-education/program/Froyen-Macroeconomics-Theories-and-Policies-10th-Edition/PGM248763.html>

### **Topics Covered**

#### **Microeconomics**

- Game theory: Coordination problems, Nash equilibrium, Pareto efficiency, standard game theoretic models. Social norms, trust and strategic interactions: Ultimatum games, public goods games. Market, government and community-based solutions to coordination problems.
- Theory of individual behaviour: Preferences, utility, utility functions, indifference curves, marginal rate of substitution, constrained optimisation, income and substitution effects, offer curves and demand curves.
- Firms: Specialisation, economies of scale, cost minimisation and profit maximisation. Supply curves. Competition - Cournot, Bertrand models, perfect competition and monopolies.
- Markets: Walrasian equilibrium and its assumptions.
- Risk and uncertainty: Expected utility theory, risk-averse, risk neutral and risk-loving preferences, certainty equivalent and risk premium of a lottery. Dealing with risk - insurance.

- Information: Incomplete contracts, principal agent models, adverse selection and moral hazard, contingent contracts as a solution to information asymmetry, labour discipline model.
- Social welfare and public economics: Different conceptions of social welfare - utilitarian, Rawlsian. First and second welfare theorems. Externalities and public goods. Coasian and Pigouvian solutions to externalities. Taxation, tax incidence, deadweight loss, efficiency and equity considerations.

### **Macroeconomics**

- National income accounting
- Fiscal and monetary policy
- Philips curve, rational expectations, adaptive expectations,
- Aggregate demand
- Theories of inflation
- Multipliers
- Solow growth model
- Neoclassical and new classical macroeconomics

### **Political economy**

- Marxian notions of class, surplus, and exploitation
- Power
- Feminist theories of division of labour, occupational segregation, and wage gaps
- Economic theories of discrimination
- Patterns of occupational segregation by caste and gender in India
- Capitalism and crises

### **The Indian economy**

- Differences between the planning and neoliberal periods
- Economic reforms of 1991
- Green Revolution
- Five-year plans
- Employment and output structure of the economy
- Jobless growth

### **Quantitative methods**

- Basic data interpretation from graphs and tables
- Descriptive statistics - mean, median, variance, covariance and correlation. Graphical display of information - histograms, trends, scatter plots.

- Probability: conditional probability and independence. Random variables and probability distributions. Sampling, estimation and hypothesis testing.
- Multivariate Regressions - OLS, interpreting regression results, economic and statistical significance, dummy variables and interaction terms
- Panel data and fixed effects regressions
- Causal inference - RCTs, Instrumental variables, difference-in-differences and regression discontinuity techniques