

Index

Here is an unexpected exercise: look up India's National Classification of Occupations (NCO), published by the Directorate General of Employment, and identify the group under which the producer of this book's index—the indexer—is listed. Also, do you think that the listing is appropriate?

```
aggregate demand (continued)
abstraction
   black economy, 132-3, 137
                                                 principle of effective demand, 70-1, 155
                                                 problem of, 66
   competitive economy, 14
   competitive monetary production
                                                  theory of economic growth, 98
                                                  theory of output and employment, 63,
         economy, 36, 192, 196
                                                        66, 68-71, 89
   dual economy, 131
                                              aggregate employment, 64, 195
   informal economy, 15
                                              aggregate expenditures, 27, 68
   macroeconomy, 20-8
   mesoeconomy, 32. See also meso
                                              aggregate income, 7, 21, 65, 68, 70, 72-3,
                                                     77, 81, 96, 118
          approach
                                              aggregate output, 16-17, 28, 32, 75-6, 78,
   peasant economy, 131
                                                     87-8, 90, 94, 97, 100, 118-19, 124,
   village economy, 128-31
                                                     131, 134, 153, 155-6, 159, 170,
accelerator, 73, 94
accounting. See macroeconomic accounts
                                                     173-4, 176, 188
                                                  accounting for, 5
accumulation. See investment
                                                 determinants of, 70-1, 163
Agarwal, Bina, 41
aggregate demand, 118
                                                  distribution of, 9
                                                 domestic, 96
   accelerator, 73, 94
                                                 growth of, 164
   autonomous elements of, 77, 96
                                                 impact of exchange rate on, 189
   components of, 124
                                                 levels of, 10, 64, 71, 74, 101
   deficiency of, 27
                                                  rate of growth of, 101
   employment policy, 138, 159, 191
                                                  size and composition of, 172
   growth of, 99
                                              aggregate production function, 92-3, 174
   Indian context, 98, 139, 156, 158
                                              aggregate supply, 67-74, 78, 81, 88, 91, 96,
   induced elements of, 77, 96
                                                     99-100, 152, 189-90
   insufficiency, 66, 153
                                              agrarian economies, features of, 127
   Kalecki, 7, 66
                                              agricultural commodities, prices of, 165,
   Keynes, 7, 24–5, 66, 70
                                                     169-70, 181, 191
   multiplier, 75-6, 82, 94, 101, 153, 155,
                                              agricultural incomes, 90
```



agricultural labour market, 36	Bajaj Finance Limited, 42
agricultural production, 37, 99, 165	balance of payments (BoP), 62, 86
agriculture	balance of trade (BoT), 83
caste, role of, 13, 103, 128	balance sheets, 55, 60–1, 63, 159
contribution to GDP, 90	bank deposits, 46, 55, 58, 123
employment, 91	bank loan, 40, 54
gender, role of, 1, 41, 103	Bank of England, 54–5
Indian macroeconomy, role in, 126, 128	bankruptcy, 50
India's macroeconomic context, 186, 194	banks. <i>See also</i> financial architecture of
and inflation, 164	India
and informality, 130–3	
interlinked markets, 45, 129	credit, 34
and other sectors, 25	money creation, 54
power in, 154	RBI. See Reserve Bank of India (RBI)
prices, 1, 129	theories of money, role in, 52–7
and village economy, 129	Barba, Aldo, 105
Allen, R. G. D., 177	bargaining, collective, 6, 96, 125, 146, 173
All-India Debt and Investment Survey	175
(AIDIS), 102	base year, 165–8, 177, 191
Ambedkar, B. R., 13, 128, 131	basis points, 56
analogy, 12, 91, 101, 164	Becker, Gary, 10
Andaman and Nicobar Islands, 29, 109	'beggar-my-neighbour' policies, 83
anthropology, 28, 31	Bhaduri, Amit, 63, 162
anti-cyclical policy, 151, 158–61, 162, 191	Bharadwaj, Krishna, 19, 45, 96, 181
	Bharat Heavy Electricals Limited
aphorism, 117	(BHEL), 41
Arestis, Philip, 63	big data, 135–6
Arthashastra (Kautilya), 5, 12, 18–19, 22 Artha Vijnana, 19	bilateral trade agreements, 80
Aspromourgos, Tony, 63, 89, 100, 162, 186,	Bills of Mortality, 22
197	black economy, 132–3, 137
	black incomes, 132
assets	black money, 132
agricultural, 85	Blyth, Mark, 152
financial, 46–7, 86, 188	body politik, 27
land, 102	Bombay Stock Exchange (BSE), 1, 42, 59
austerity, 124, 152	bond market, 49. See also financial
Australia, 65, 112 Australian Quarterly, 89	architecture of India
	bookkeeping, double-entry, 21, 54–5
autonomous consumption, 77, 96, 119,	borrowing
155, 189	determinants of, 73
autonomous expenditures, 155–6	
autonomous investment, 77, 96, 119, 155, 189	rates of interest charged, 45
	reasons for, 45, 57
average propensity to consume (APC), 118	Brahmananda, P. R., 158
210	



budgets, 2, 50, 154. See also economic	caste system (continued)
sources	labour mobility, 128
business cycles, 159, 166	land ownership, 102-3
	macroeconomy, 20-2
calculus, use of, 9, 117, 121	spatial inequality, 128
Cambridge Journal of Economics, 89, 114	village economy, 128–31
Cantillon, Richard, 26	casual worker, 140–1
capacity, productive, 35, 40, 57, 61, 66–7,	causation, 6, 68, 95, 123, 174, 190
73, 87, 91–2, 99, 105, 112, 152, 156,	central bank, 39, 46, 53-5, 63, 121
160, 189	Central Statistical Organisation (CSO),
capital	23, 38
accumulation. See investment	Central Statistics Office, 165
capitalism, 4, 14, 111	centre-state financial relations, 13
diminishing returns, 92–4, 99, 189	ceteris paribus, 17–18, 125, 140, 147, 183
financial, 112	Chakravarty, Sukhamoy, 157
free mobility of, 6, 14, 40, 65, 80, 128	Chattopadhyay, Saumen, 132, 137
immobility, 88	Chayanov, A. V., 131
international flows, 59	chief executive officers (CEOs), 90
mobility, 6, 13–14, 40, 65, 80, 148	chit funds, 40–3
physical, 34, 189	circular flow of income, 119, 132
rate of return on, 107	circular money flow, 81
theory of. See capital theory	circulation
capital account, 62-3, 86-7, 188	commodities, 20
capital accumulation. See investments	flow of funds, 26–8
capital expenditure, 154	labour migration, 88
capital-intensive firms, 20	medical lexicon, 12
capitalism, emergence of, 4, 14	of money, 40, 174
capitalists, 4-6, 9, 22, 32, 177, 183	sectoral flows, 32
capitalist societies, 6, 32-3, 66	Clark, Colin, 23
capital markets, 42, 50, 59, 62	Clarke, Peter, 89
capital stock, 34. See also capacity, productive	class, 3, 6, 9, 32, 92, 94–5, 98, 122, 140,
capital theory, 7, 18, 164	189. See also methodological holism
carbon credits, 152	classical economics, 5-6, 9-11, 68, 95, 105
carbon taxes, 113	122, 125, 189, 192, 194
cash. See currency	Bharadwaj, Krishna, 19, 45, 96
caste panchayats, 28	definition of economics, 8-11
caste system, 13	demand-led growth theory, 92, 96-7
division of labour, 13, 128	Garegnani, Pierangelo, 95, 114
economic growth, 100–9	growth theories, 98-100
fiction, 194. See also fiction for	inflation theory, 164
economists	Keynes's misleading characterisation,
labour immobilities due to, 28	105



INDEX

classical economics (continued)	competitive economy (continued)
labour unemployment, 95, 178	long-run, 6, 174
versus marginalist economics, 6-7, 19	presence of unemployment in, 134
Marx, Karl, 5–6	prices, role of, 35
Ricardo, David, 14, 99	Ricardo, David, 9, 14
Smith, Adam, 8, 10	short-run, 67, 92
Sraffa, Piero, 18, 95	Smith, Adam, 9
Tooke, Thomas, 5, 137	steady-state growth of, 100
value theory, 172	uniform rate of profit, 174
classical political economy. See classical	competitiveness, 112
economics	concept. See also theory
Cobb-Douglas production function, 93	context, 126-33
Code on Wages (2019), 146	employment, 65–78
collective bargaining, 6, 96, 125, 146, 173,	growth, 92-100
175	inflation, 164–77
colonialism, 4, 101, 110	interest rate, 45
commercial banks. See banks	money, 52–4, 183
commercial borrowings, 87	output, 65–78
commodity and money flows, 31-3, 37, 39,	price, 35–6, 163
76, 187–8	conflict. See also power
common market, 80	caste, 44
community networks, 88-9, 112	gender, 41
community norms, 28, 31, 149	income distribution, 5, 172, 175, 177,
competition, 14–15, 57, 93, 135, 148, 174,	182–3
181, 183, 194	inflation theory, 164
capital mobility	interlinked markets, 45, 129-30, 181
domestic, 128	international economics, 18
international, 65	marginal productivity theory of income
caste, 128, 148	distribution, absence in, 190
free competition, 135, 174. See also	primitive accumulation, 111
classical economics	wage bargaining, 6, 125, 173
gender, 1, 13	constant returns to scale (CRS), 92-3
imperfect competition, 14	consumer price index (CPI), 36, 165
labour mobility	CPI for agricultural labourers (CPI-
domestic, 88	AL), 165
international, 59, 65	CPI for industrial workers (CPI-IW),
perfect competition, 93. See also	165
marginalist economics	CPI for rural labourers (CPI-RL), 165
policy, 183	consumption
uniform rate of profits, 174	autonomous, 77, 96, 119, 155, 189
competitive economy, 14-15, 65-6. See also	and index numbers, 168
abstraction	induced, 77



consumption (continued)	data (continued)
and inflation, 123–4, 174, 178	macro, 16, 101
versus investment, 77	meso, 16, 101
multiplier, 155	philosophy of, 16
theories of economic growth, 155	and policy, 136
theories of output, 63, 81	theory and, 133-6
contract labour, 131, 140	Datta, Bhabatosh, 162
Contract Labour Act (1970), 146	da Vinci, Leonardo, 55
Contract Labour (Regulation and	Deane, Phyllis, 24
Abolition) Act (1970), 140	debt, 22, 34, 40-2, 45, 48-9, 60, 130, 151,
fixing of minimum wages for, 146	153–6
Copeland, Morris, 27, 39	debt instruments, 42
corporate bond market, 49	debt markets, 34, 41
corporate securities, 50	debt repayments, 130
corporate tax, 34, 154	debt securities, 40, 48–9
corporations. See firms	debt sustainability, 154-5
costs	demand. See aggregate demand
agriculture, 88	demand-led growth theories, 92, 94-8,
of borrowing, 53, 60, 179, 183	100–1, 105–6, 110, 112–13, 119,
inflation, 164	125, 151–2, 158, 162, 174, 181,
labour, 13	189–90
manufacturing, 111, 129	democratic society, 22
price, 1, 35–36, 58, 60, 80, 96,	Denmark, 65
163–84. See also structural	deposits. See bank deposits
interdependence	depreciation, 60, 87, 99, 179
Sraffa, Piero, 171	Desai, Ashok, 184
counter-cyclical policy, 159	development finance institutions (DFIs),
credere, 43. See also credit	43
credit, 5, 27, 35, 43–4, 48, 54, 56, 85, 182	de Vivo, Giancarlo, 105
crisis, 49, 66, 100	Dibuia, 129
crowding in. See multiplier	diminishing returns, 92-4, 99, 189. See also
crowding out, 153-4	marginalist economics
currency, 27–8, 46–7, 49, 58, 61, 134, 179	disciplines, 31
current account, 62, 84-8, 110, 188	dissaving, 40, 77
current account deficit (CAD), 86	distress migration, 104, 139
current account surplus (CAS), 86, 110	distribution
-	of agro-climatic zones, 33
Dalits, 13, 28, 44, 88, 148, 161	in classical economics, 191
Dasgupta, A. K., 77, 157	and conflict. See conflict
data	and growth, 90
big data, 135–6	of income, 5-6, 64, 68, 92-3, 95, 97, 120,
context, 139	125, 172, 174, 177-8, 182, 190



INDEX

distribution (continued)	economic growth (continued)
of land, 11, 102	Marx's theory of, 99
in marginalist economics, 7, 191	nature of, 1, 100-9
of wealth, 10	in open economy, 110–14
division of labour, 5, 13, 99, 111, 128	rates of profit and, 107–8
Domar, Evsey, 155	Ricardo's theory of, 99
domestic economy, 20, 81, 86	role of technological progress, 91, 99
double entry bookkeeping	sectoral, 103–5
'beggar-my-neighbour' policies, 83	inter-sectoral, 101
and macroeconomics, 86	intra-sectoral, 101
Pacioli, Luca, 55	Solow's model of, 93
zero-sum game, 83, 153	technological progress, role of, 91, 99
Dow Jones, 58	theories of, 92–100
Drèze, Jean, 3, 98	classical economists, 98–100
dual economies, 83, 121, 131. See also	demand-led, 94–8, 101, 106, 110
abstraction	supply-side, 92–4, 101, 110
dynamics, 67, 81, 99, 101, 112–13, 140, 162	and unequal land ownership, 101–3
	economic inequalities, 1, 110. See
Eatwell, John, 19, 89	inequality
ecology, 20, 31, 35, 101, 180, 191	Economic Issues, 115
econometrics, 135	economic models, 119, 156, 172
economic accounts, 22–3. See also	economic planning
macroeconomic accounting	data, 18, 21–2
Economic and Political Weekly, 3, 19, 115,	Development Planning (Chakravarty),
137, 145, 162	157
economic equilibrium, 67, 72, 81–2,	fiscal policy, 151, 158–61, 178–9, 184,
117–18, 178	191
economic growth	Five-Year Plans, 43, 98, 106, 132, 151,
demand-led versus supply-side theories, 97	156–8, 182
determinants of, 91, 93, 99	monetary policy, 55, 59, 61–3, 96–7,
ecological impacts of, 99, 108-9	132, 178–9, 181, 184–5
and employment generation, 105–7,	Planning Commission of India, 106,
138	132
endogenous models of, 94	economic policies
exogenous models of, 94	anti-cyclical, 151, 158–1, 191
Harrod's model of, 94	to combat high inflation, 178–84
in India, 1, 100–9	to combat unemployment, 158
Mahalanobis's model of, 98	counter-cyclical policy, 159
Marginalist theories	formulation of, 131
endogenous models, 94	pro-cyclical policy, 159
exogenous models, 94	Economic Record, 162



economic reforms, 15, 110. See also	economic sources
economic planning; economic	annual reports, 61, 86
policies	books, 2–4, 7–18
economics. See also economic theory	budgets, 2, 50, 154
definition of, 8–11	dictionaries, 19
developments in the 20th century, 7	fiction, 2, 137, 194–5
history of, 4–8	government reports, 121
limitations of, 30	journals, 3, 114, 162
philosophy of, xix, 116-17, 119-20,	legislations, 125
122, 136	newspapers, 1, 89, 154, 163, 195
pluralism in, 186	quantitative data, xix, 133-5, 198-9
pluralistic nature of, 8	RBI reports, 195
as science of wealth, 10-11, 18, 20, 186	economic theory, 92-100, 136
social character of, 28	application in policymaking, 131
economics classics. See also economic	calculus, use of, 117
sources	classical economics, 98-100
Capital, Volume I (Marx), 5, 22, 24, 32,	context, 116–20
66, 99, 111	demand-led, 94-8, 101, 106, 110
The General Theory of Employment,	good theories, 126-33
Interest and Money (Keynes), 7,	and the demand for data, 133-6
24–5, 36, 70, 83, 162, 189	importance of, 116
An Inquiry into the Nature and Causes of	informality, 130–3
Wealth of Nations (Smith), 5, 8-9,	Keynesian, 27, 70-7, 81-3, 94-7, 153-5
98–9, 111, 124, 146, 182	marginalist, 6-8, 28, 71, 112, 117,
Principles of Economics (Marshall), 6,	122–5, 136, 178, 190
9,17	meso approach, 15, 103, 147
Principles of Political Economy and	nature of, 117
Taxation (Ricardo), 9, 14, 99, 172	need for, 116-20
Production of Commodities by Means of	presence of informality, 130-3
Commodities (Sraffa), 32, 94, 96,	role of agriculture, 127–30
171–2	sectoral, 103–5
economics journals	inter-sectoral, 101
Artha Vijnana, 19	intra-sectoral, 101
Cambridge Journal of Economics, 89, 114	supply-side, 92-4, 101, 110
Economic and Political Weekly, 3, 19, 115,	use of calculus, 117
137, 145, 162	wrong theories, 120–6
Economic Issues, 115	economic thought, 4, 7, 18–19, 23, 25, 157
Economic Record, 162	162, 186
Economic Weekly, 77, 96	economic transactions
History of Economics Review, 137	influence of trust on, 29
Metroeconomica, 63	social nature of, 29
Review of Political Economy, 185, 197	Economic Weekly, The, 96, 77



education, 34, 105, 107, 120, 124, 148, 150, 154, 157, 159–62, 182, 191	endogenous money, 53–5, 62, 122–3, 153, 181, 188, 193
access to, 1, 161	Engels, Friedrich, 22
child's education, 40, 144	environment, 12, 29, 36–7, 107, 109, 154,
education policy, 138	162, 180
employment policy, 138	equity, 40–2, 47–50, 180
and unemployment, 142	ex ante, 67, 175
effective demand, principle of, 70–1, 101,	excess capacity, 178
155	exchange rate, 11, 56, 58–61, 63, 78, 80–2,
Einstein, Albert, 133	87–8, 111, 177–9, 188–9, 192
Eltis, Walter, 98	exhaustible resources. See non-renewable
employment, 7, 15, 62, 70, 78, 93, 96, 117,	resources
139, 152, 190	exogenous money, 53–4, 62, 122–3, 153–4,
anti-cyclical fiscal policy, 158–61	190
of casual workers, 140–1	expansionary policies. See economic
determinants of, 138	policies
economic growth and generation of,	explanandum, 71
105–7, 138	explanans, 71, 175
elementary occupations, 148	export quality, 81
in farm or non-farm enterprises, 141	exports, 5, 27, 59–60, 68, 78–87, 96, 110–
full-employment policies, 156–8	12, 124, 155, 179, 189
generation of, 155	ex post, 67, 164
gig economy, 141	extent of the market, 99. See also aggregate
in the Indian economy, 87, 106, 147–51	demand; Smith, Adam
industry-specific generation of, 147	external debt, 41
informal, 130, 134, 140	Factories Act (1948), 146
inter-industry difference in, 147	factors of production, 92, 94, 110. See also
Keynesian theory, 66, 151, 153	marginalist economics
Mahalanobis's model, 156–8	Federal Reserve, 122
marginalist theory, 68-70, 78, 88, 92-4,	Feyerabend, Paul, 8
100, 124–5, 136, 151, 189	fiction for economists
meso approaches, 147-51	'Baso-jhi' (Shekhar), 109
nature of, 138–51	Death of a Moneylender (Neelima),
prelude to the solutions, 151-61	128–9, 137
quality of, 140-2, 151	Gift in Green (Joseph), 45
role of the government, 152–8	'Homeland' (Skybaaba), 85
sectoral composition of, 129, 139	Kanthapura (Rao), xvi
self-employment, 131	'Livelihood' (Shirwale), 44
theories of output and growth, 151-2	Moogavani Pillanagrovi (Reddy), 102
working-age population, 139	'Nowhere to Turn' (Skybaaba), 144
endogenous growth models, origins of, 94	Pethavan (Imayam), 13, 28–9
216	



fiction for economists (continued)	financial intermediaries. See financial
Raag Darbari (Shukla), 103, 142, 147	architecture of India
'Ram Khilavan' (Manto), 28–9	financial markets, 61, 180
Seasons of the Palm (Murugan), 148	financial regulators, 46
'Thakur's Well' (Premchand), 88	financial sector, 33-4, 40-2, 52, 79, 104-5,
'The Adivasi Will Not Dance'	174–5
(Shekhar), 11	financial services, 34, 174-5
The Financial Expert (Narayan), 44	growth of, 105, 143
'The Parable of the Lost Daughter'	structure of, 52
(Vinodini), 161	firms, 7, 9, 15, 20, 33–5, 37, 39–43
The Taming of Women (Sivakami), 13	first in, first out (FIFO), 37
'Vegetarians Only' (Skybaaba), 128	fiscal policy, 151, 158-61, 178-9, 184, 191
'Vili's Runaway Son' (Jimomi), 141	Five-Year Plan of India, 132
finance	first plan (1951-56), 43, 158, 182
banks, 34, 40, 44, 47, 54-6, 61, 121, 142	second plan (1956-61), 43, 98, 106,
credit, 35, 43, 46, 54	151, 156–8
foreign institutional investors (FII),	flow of funds (FoF), 58, 65
61, 79, 112, 188	borrowing money, 45
Indian economy, 15, 35	Copeland's theory of, 27
informal, 43–6	financial inflows, 86
interlinked markets, 45, 129-30, 181	'Flow of Funds Accounts of the Indian
international, 59, 61, 112	Economy', 27, 47
financial architecture of India, 39-47, 50,	foreign finance flows, 61
58, 62, 64, 126, 132	between India and the RoW, 63
capital market, 42, 46, 50-2, 59, 62	inter-sectoral financial flows, 40-2
chit funds, 40–3	money flows, 27
financial institutions, 42–3	Reserve Bank of India reports on, 27
financial instruments, 46–7	sectoral flow of funds, 26-8
financial regulators, 46	flow variable, 108, 132
informal finance, 43–6	food inflation, 34, 48, 117, 172
inter-sectoral financial flows, 40-2	food storage facilities, creation of, 124
money market, 42, 51, 55-6	foreign capital. See foreign direct
regulators, 42, 46, 62	investment (FDI); foreign
financial assets, 47	institutional investors (FII)
financial capital, 112	foreign currencies, buying and selling of,
financial crowding out, idea of, 153	61, 87, 179
financial inclusion programmes, 43–4, 142,	foreign demand, 81-2. See also aggregate
182	demand
financial inflows, 61, 86–7	foreign direct investment (FDI), 61, 74, 79,
financial institutions, 40, 42–3, 46, 49	87, 112, 155, 188
financial instruments, 46–7, 49–51	foreign exchange, 58, 61



foreign institutional investors (FIIs), 61,	Global Findex Database, 43
79, 112, 188	global value chains, 111
foreign trade. See international trade	glut, 74. See also aggregate demand
forex. See foreign exchange	gold, 5, 21, 61
forex rates, 59	Goods and Services Tax (GST), 34, 80-1,
Foundation for Agrarian Studies (FAS),	154
137	government
four-sector economy, 81	anti-cyclical policy, 159
macroeconomic equilibrium in, 82	counter-cyclical policy, 159
Frank, Andre Gunder, 110	and employment policy, 43, 138, 159,
free trade. See international trade	191
free trade area (FTA), 80	and fiscal policy, 178-9, 184
Friedman, Milton, 7, 174	Five Year Plan. See Five-Year Plan of
fuel inflation, 179	India
full employment, 6–7, 10, 15, 27, 35, 62,	of Indian, 41, 50, 75
69–70, 74, 77–8, 83, 88, 93–4, 96,	and inflation policy, 183, 191
112, 124, 136, 138, 151, 156, 159,	macroeconomic management, 60
161–3, 174, 178, 188, 191	pro-cyclical policy, 159
functional income distribution, theories of,	and productive capacity creation, 61
92, 125. <i>See also</i> profit; wage	role of, 146, 151, 152–6
72, 123. See uso profit, wage	government bonds. See sovereign bonds
Galbraith, John Kenneth, 7, 47	government borrowing, 60, 125, 151, 154,
game theory, 7, 82, 153. See also marginalist	156, 191
economics	government debt. See public debt
Ganguli, B. N., 162	sustainability
Garegnani, Pierangelo, 95, 114	government expenditure, 7, 16, 27, 67–8,
GDP deflator, 170	75–7, 81, 96, 124–5, 153–6, 155,
gender	161, 179, 189
	Government of India, 41, 50, 75, 146. See
economic growth, 1, 147 employment, 129, 138–9	also Ministry of
in fiction, 2, 137, 194. <i>See also</i> fiction for	government, role as
economists	entrepreneur, 2
	provider of employment
labour mobility, 13, 112	MGNREGA, 121, 160
land ownership, 11, 35, 129	provider of unemployment insurance,
macroeconomy, 21	24
mesoeconomy, 32. See also meso	government, role of
approach	austerity, 124, 152, 159
geopolitics, 80–1, 83, 88, 113, 190	employment policy, 43, 138, 159, 191
Georgescu-Roegen, Nicholas, 180	inflation policy, 183, 191
Ghosh, Amitav, 30	private sector, relative to, 16, 38, 75, 154
gig economy, 141	public debt, 41, 151, 153–4, 156
Global Financial Crisis (2008), 49, 89	relative to private sector, 16, 38, 75, 154
218	



government securities (G-Secs), 50–2, 57, 60	history of economic thought (continued) Ganguli, B. N., 162
Great Depression, 7	Indian economic thought, 23, 157, 162
green energy infrastructure, 192	Keynesian economics, 77
greenhouse gas emissions, 113	Kurz, Heinz, 19, 115
Groenewegen, Peter, 19	marginal revolution, 9
gross domestic product (GDP), 22, 64, 90,	Roncaglia, Alessandro, 19, 89
104, 132–3, 140, 164, 170, 190	housing, 22, 42, 46, 143, 170
growth. See economic growth	housing finance companies, 42
growth accounting, 110	housing price index, 170
growth rates, 2, 90, 93, 103–8, 111, 114,	human capital, 189. See also labour
183, 190	numan capital, 10%. See uso labour
	imperfect competition, 14, 127
Harrod, Roy, 93-4, 98	imperfections, 18
health, 5, 15, 34, 90, 105, 107, 150, 154–5,	imports, 5, 12, 59–60, 68, 78–84, 88, 124,
157, 160	175, 177–8, 192, 194
Heisenberg, Werner, 133	income
heterodox economics. See classical	aggregate, 7, 21–4, 63, 65, 68, 70, 72–3,
economics; Keynesian economics	77, 81–2, 118, 158
Hicks, John, 96	circular flow of, 119, 132
Hindu, The, 89	and employment, 7, 63
history	as a flow magnitude, 111
of accounting, 5, 21	per capita, 90
of economics, 4–8, 171, 193	and wealth, 106, 156
of land ownership, 129	income distribution, 64, 93, 172
of mathematics, 117	in capitalist society, 6
of national income accounting, 23, 158,	classical economics, 10, 105, 125, 189,
187	190
role in	circular flow, 132
classical economics, 11	conflict between workers and capitalists
marginalist economics, 6	5–6, 172, 175, 177, 182
and scientific progress, 71	marginal productivity theory of, 6, 68,
of statistics, 18, 37	93, 120, 125, 152
and wage determination, 69, 145–6	income inequality, 22, 106, 156
History of Economics Review, 137	income tax, 21, 34, 154
history of economic thought Rhandwai Krishna 10	increasing returns to scale (IRS), 92
Bharadwaj, Krishna, 19	index number
book suggestions, 19, 162	aggregate price level, 163–4
brief history, 4–8 classical revival, 174	base year, 165–8, 177, 191
Dasgupta, Ajit. K., 77, 157, 162	CPI, 36, 165, 167–8, 170, 179
Datta, Bhabatosh, 162	GDP, 170
Datta, Dilabatosii, 102	GD1, 170



INDEX

index number (continued)	Indian economy (continued)
Index Numbers in Economic Theory and	First Five-Year Plan, 43, 158, 182
Practice (Allen), 177	gender in, 103. See also gender
inflation policy, 183, 191	inflation, 164–77
Measuring India (Saluja), 165–6	informality, 130–3
prices, 166	interest rates, 1, 39, 52
quantities, 166	land ownership, 101-3
WPI, 36, 165–70, 176, 184, 191	nature of, 109
India. See also Indian economy	Planning Commission, 106, 132
dependence on fuel imports, 179	Second Five-Year Plan, 43, 98, 106,
imports from the RoW, 83	151, 156–8
land holdings, 102	Indian farmers, 1, 129-30, 142-3, 181-2
long-term socio-economic priorities, 87	Indian rupees (INR), 58, 61
Ministry of	indirect taxes, 154
Agriculture and Farmers Welfare,	individual behaviour, aggregation of, 71
133, 154	individual preferences, 123. See
Commerce and Industry, 165	also marginalist economics;
External Affairs (MEA), 86	methodological individualism
Finance, 170	Industrial Development Bank of India
Income Tax, 133	(IDBI), 43
Labour and Employment, 165	Industrial Development Finance Company
Statistics and Programme	(IDFC), 43
Implementation, 165	Industrial Disputes Act (1947), 146
money inflow, 85	industrial production, 165
rural land holdings, 102	inequality. See also meso approach
top five export destinations, 80	across caste, 1, 147
top five imports, 79	across countries, 135
Indian agriculture, 129–30. See also	across gender, 1, 147
agriculture	across India, 102-3, 110, 129
Indian Chambers of Commerce and	of employment, 194
Industry, 165	of income, 22, 106, 156
Indian Economic Review, 77	in India, 102–3, 110, 129
Indian economics, 127	in land ownership, 190
Indian economic thought, 23, 157, 162	of wages, 64, 194
Indian economy. See also India	of wealth, 106, 156
black economy, 137	inflation
caste in, 103. See also caste system	agriculture and fuel, 175-7
context, 103	approaches to understand, 173-5
ecology, 108–9	burden of, 177
economic growth, 103–5	calculation of the rate of, 170
employment, 105–7	and conflict, 172, 175, 182
financial architecture, 39-47	factors influencing, 175-6



inflation (continued)	interest rate
and government policy, 179	in classical-Keynesian economics, 192
hardships of, 177	and consumption, 40
in India, 77	determination of, 122
and international finance, 59, 61	economic and social implications of,
and international trade, 110	183
levels of abstraction, 170	and exchange rate, 58, 60
main drivers of, 181	and inflation rate, 39
measurement of, 165	informal finance, 45
and monetary policy, 59, 61	international finance, 59, 61, 112
nature of, 164–77	and investment, 123
prelude to the solutions, 178–84	in marginalist economics, 45
price determination, 171–2	microfoundations of, 123. See also
problem of, 163, 177–8, 184, 188,	marginalist economics
190–1	and monetary policy transmission, 55,
Quantity Theory of Money (QTM),	62
173, 178, 183, 193	policy rate, 61
sources of, 175–7	public debt, 151
Sraffa's price theory, 171	and yield curve, 57
informal economies. See informal sector	interest spread, 53
informal employment, 131, 134, 140	Intergovernmental Panel on Climate
informal finance, 43-6, 132	Change (IPCC), 113
informality, 130-3	inter-industry relationship, 183
informal sector	inter-industry structure, 80
finance, 158	interlinked markets, idea of, 45, 129-30,
Indian context, 184, 191, 193	181. See also Bharadwaj, Krishna
unemployment, 27	internal debt, 41
infrastructure, 10, 24, 78, 88, 107–9, 146,	international finance, 59
154, 156, 160–1, 169, 182, 192	international financial flows, 112
initial public offering (IPO), 34, 40	International Labour Organization (ILO)
injections, 68, 76, 81	India Wage Report (2018), 140
innovations, 91, 142	international organisations
input-output (I-O) framework, 25, 35	Intergovernmental Panel on Climate
Input-Output Transactions Table (IOTT),	Change (IPCC), 113
25, 32	International Labour Organization
institutional economics, 31	(ILO), 140
insurance, 24, 27, 41–2, 46–9, 51–2, 141	United Nations, 23
Insurance Regulatory and Development	World Bank, 43
Authority (IRDA), 46	international trade, 83, 87-8, 110, 112, 180
intellectual property rights, 152	inter-sectoral relations
interdependence, idea of, 24. See also	concept of, 24–6, 157
structural interdependence	financial flows, 40–2



INDEX

inter-sectoral relations (continued) in Indian macroeconomy, 25, 134, 157 input-output (I–O) framework, 25	Keynesian economics (<i>continued</i>) multiplier, 75–6 principle of effective demand, 155
Inter-State Migrant Workers Act (1979), 146	theory of output and employment, 66, 93, 95, 117, 151, 152–3, 190
inter-state migration, 112 in toto, 99	saving and investment, 23, 69–70, 100 123–4
investment	Keynesian revolution, 27
and accelerator, 73, 94	Keynes, John Maynard, 3, 11, 24, 83, 121,
autonomous, 77, 96, 119, 155, 189	178, 192
and capacity utilisation, 74, 99	assumption of a 'monetary production
and depreciation, 99	economy, 163
dual nature of, 91	critique of the general price level, 36,
and economic growth, 90–1	164
and employment, 7	notion of monetary production
by governments, 27	economy, 7
induced, 77	theory of output and employment, 66
and multiplier, 101	71–5
in open economy, 81	Khaldun, Ibn, 5
and principle of effective demand, 70-1,	knowledge, 2-3, 9-12, 31, 52, 64-5, 127,
155	133, 146, 158, 164, 169
by private sector, 7, 27	Koyilandy, 129
and productive capacity, 61, 66, 152	Koopmans, Tjalling, 136
and saving, 23, 56, 134	Kothari, Ashish, 108, 180
	Krishnamurty, J., 162
Jan Dhan Yojana, 43–4	Kumar, Arun, 132
job creation, 139	Kumar, Rishabh, 107
job market. See employment	Kurien, C. T., 137
job security, 141	Kurz, Heinz, 19, 115
Jones, Hywel G., xvi, 114	Kuznets, Simon, 23
Joseph, Sarah, 45	
justice, 6, 110, 142–3, 145, 150	labour
	allocation of, 129
Kalecki, Michał, 7, 66, 124, 162	and caste, 78, 149
Kautilya, 5	in classical economics, 6, 9
Kerala economy, 6, 12, 15, 36, 150, 161	common wages of, 146
Keynesian economics, 78, 127	deregulation of, 94
application of, 158	division of, 5, 99, 111, 128
Keynesian multiplier, 75–6	employment of, 7, 15, 70, 78, 93, 96,
Keynesian principle of effective	152, 190
demand, 155	and employment policy, 138, 191
demand-led growth theory, 66	and gender, 78



INDEX

labour (continued)	Leontief, Wassily, 25, 134
in Indian context, 139	Lewin, Kurt, 117
in marginalist economics, 6, 117	Lewis, Arthur, 131
mobility of, 6, 13–14, 40, 65, 80, 128,	liability, 61
147	liberal capitalism, 89
and power, 146	Life Insurance Corporation (LIC), 27, 41
supply of, 6	life insurance policies, 48
unemployment of, 153	liquidity, 1, 46, 49, 52–3, 58
and wages, 128	loans, 34, 40–1, 44–5, 54, 61, 144
women's unpaid labour, 24	local governments, 20, 161
Labour Bureau, 143, 149–50, 165	logic, xvi, 65–6, 87, 92, 119–21, 124, 133,
labour demand and supply, 6, 69	147
labour force, 139–40	longitudinal surveys, 57
labour force participation rate (LFPR),	long-run. See competitive economy
139–40	Luxemburg, Rosa, 66
labour-intensive firms, 20	
labour-intensive industries, 147	machine learning, 135
labour laws, 112, 152	machinery, 21, 24, 40, 52, 56, 67, 79, 87,
labour market, 36, 69–70, 78, 125	133, 169
labour productivity and wages, growth of,	macro approach, 18, 20, 27, 126, 134, 164
144	employment, 88
labour-rich economy, 95	growth, 164
land	income distribution, 178
and caste, 148	inflation, 169, 192
distribution, 102	output, 32, 164
and inequality, 102–3	price level, 164, 169, 178
ownership. See land ownership	macroeconomic accounting, 41, 151, 158,
land holdings in India, distribution of, 102	180
land ownership, 11	macroeconomic accounts
and economic growth, 101-3	balance of payments, 62, 86
history of, 129	capital account, 62-3, 86-7, 188
inequality of, 102–3, 129	Central Statistical Organisation (CSO)
role of caste and gender, 129	23, 38
language, role of, 112	current account, 62, 84-8, 110, 188
Laspeyres, Étienne, 165	Deane, Phyllis on, 24
formula for calculation of WPI, 165	flow of funds. See flow of funds (FoF)
last in, first out (LIFO), 37	Input-Output Transactions Table
law, economic, 83	(IOTT), 25, 32
Say's Law, 69, 71, 189	Naoroji, Dadabhai on, 23
leakages, 68, 81	national accounts statistics (NAS), 23,
lender of last resort, 46, 121	25
lending rates in India, 55–6	national income, 23



INDEX

macroeconomic accounts (continued)	Manto, Saadat Hasan, 28
Rao, V. K. R. V. on, 20, 23, 77-8, 151	manufacturing, 1, 15, 24, 31-2, 35, 43, 80,
Saluja, M. R. on, 165	101, 103–5, 111, 129, 145, 150, 161,
Stone, Richard on, 23, 134	164
women's labour, 129	marginal cost, 6, 117. See also marginalist
macroeconomic equilibrium, 67, 72, 81-2,	economics
118, 178	marginalist economics, 6-9, 19, 112, 117,
macroeconomic policy	120, 122–4, 136–7, 178, 190
and accounting, 27	theory of
and caution, 20, 36, 78, 119, 125, 158,	employment, 65–8
187, 196	growth, 98, 100-1, 113, 117
and concept, 192–5	inflation, 184
and context, 192-5	interest, 63
on employment, 138–51	prices, 172, 178, 193
on growth, 98	marginalist economists, 6, 25, 28, 95, 105,
on inflation, 164–77	123, 125, 180–1, 189
policy levers, 59	marginalist growth theory, 70, 115. See also
and statistics, 164	supply-side growth theory
macroeconomics, 2, 16, 65, 120, 186-92	marginalist macroeconomics, 89, 96, 121,
origins of, 25	125.
macroeconomy, 12, 14, 16, 36–7, 39, 54–5,	marginalist microeconomics, 6, 65, 71, 121
57, 64–5, 67, 69, 75–6, 78, 86–7,	marginalist price theory, 171
104-9, 118-21, 123, 125-6, 128,	marginalist theory of growth, 70
130, 132, 134, 142, 151, 153–4, 158,	marginal product, 6-7, 68, 92-3, 117, 120,
166, 174–6, 180, 184, 187, 192, 196	125, 152, 171, 190
conception of, 20–8	marginal productivity theory of income
aggregate income and expenditure,	distribution, 6, 93, 120, 125, 152,
22–4	190
inter-sectoral relations, 24-6	marginal propensity to consume (MPC),
sectoral flow of funds, 26-8	118–19
as an embedded system, 28-31	marginal propensity to save (MPS), 119
as a web of flows, 31–5	marginal revolution, 6, 9
Madenepalle economy, 36	Marshall, Alfred, 3, 6, 9, 17, 36, 65, 68
Mahalanobis, P. C., 20, 23, 151, 156–8	Marxian economics. See Marx, Karl
Mahatma Gandhi National Rural	Marx, Karl, 5–6, 22, 66
Employment Guarantee Act	Capital
(MGNREGA), 121, 160	volume I (1867), 24, 99, 111
Mahatma Gandhi National Rural	volume II (1885), 24, 99
Employment Guarantee Scheme	volume III (1894), 99
(MGNREGS), 24	circuit of capital, 66, 187
Malthus, Thomas Robert, 5, 66, 68, 98	crisis, 66, 100
mandis (markets), 169	economic growth, 98, 99



Marry Varl (times)	Minister of
Marx, Karl (continued)	Ministry of,
and the origins of macroeconomics, 25	Agriculture and Farmers Welfare, 133, 154
primitive accumulation, 111	
wages, 5, 66	Commerce and Industry, 165
mathematics	External Affairs (MEA), 86
and its history, 117	Finance, 170
role in economics, 135–6, 179, 190, 196	Income Tax, 133
Mazzucatto, Mariana, 155	Labour and Employment, 165
measurement, 7, 18–20, 37, 133, 139,	Statistics and Programme
163–5, 171, 191, 193	Implementation (MOSPI), 23,
medical insurance, 141	165
medium of exchange, 47, 174, 188	Minsky, Hyman, 123
memorandum of understanding (MoU), 180	miscellaneous non-banking companies
men, 3, 69, 140, 150. See also gender	(MNBCs), 42
Menger, Carl, 5	models, 93-6, 98, 114, 116-20, 122, 132,
mercantilism, principle of, 83	135, 189–90
mercantilists, 5	monetarism, 7, 174
merit, 10. See also caste; gender; power	monetary economics, 13, 62, 137
meso approach, 15, 32, 114, 184, 192	monetary incentives, 30
employment, 141, 147–51	monetary policy, 55, 59, 61–3, 96–7, 132,
growth, 90, 101, 103	178-9, 181, 184-5
inflation, 169	monetary production economy, 7, 10, 27,
meso economy, 32	31,93
methodological holism, 9, 121, 137, 146.	monetary transmission mechanism, 55–6,
See also classes; classical economics	59, 132
methodological individualism, 9, 121–2,	money
190. See also marginalist economics	characteristics of, 49
Metroeconomica, 63	circulation of, 40
micro approach, 15–16, 99, 138, 139, 141,	definition of, 47, 134
169, 170	demand for, 52–4, 183
,	endogenous, 53–4, 153
microeconomics, 6–7, 65, 70–1, 121, 125,	
171, 196. <i>See also</i> micro approach	exogenous, 53, 62, 153
in classical economics, 7, 121, 171	financial architecture, 39–47
in marginalist economics, 6, 65, 71, 121	inflows and outflows of, 59
migration, 85–6, 88, 97, 104, 112, 131, 139,	informal finance, 43–5, 132, 188. <i>See</i>
160	also informality
Milgate, Murray, 19, 89	interest rate, 183
minimum wages	in macroeconomy, 54
Minimum Wages Act (1948), 146	meaning of, 47–52
purpose of determining, 165	as a means of payment, 47
policy, 96, 159, 183	monetary transmission mechanism,
politics, 6, 96, 173	55-6, 58-9, 132



INDEX

money (continued)	National Housing Bank (NHB), 46, 170
money creation, 54	national income accounting (NIA), 23, 158
in an open economy, 58–62	national income accounts, 139
	development of, 23
operation of monetary policy, 184	estimation of, 23
quantity theory of money (QTM), 173, 183	
	'green' accounts, 24
supply of, 53–4	in India, 23
theories of, 52–7, 126	National Sample Survey Organisation
velocity of circulation of, 174	(NSSO), 102
money flows, 27, 31	All India Debt and Investment Survey
moneylenders, 40, 43, 45, 62	(AIDIS) report, 43
moneylending, 132	Employment and Unemployment
money market, 42, 51, 55-6. See also	Situation of India (2014), 140
financial architecture of India	National Stock Exchange (NSE), 42
money wages, responsiveness of, 175	National Thermal Power Corporation
monopolistic competition. See imperfect	(NTPC), 41
competition	natural environment, 36, 37, 107, 180, 193
monopoly. See imperfect competition	natural resources, 84, 87, 101
monopsony, 127	rate of utilisation of, 24
moral sentiments, 30-1. See also Smith,	regional distribution of, 129
Adam	necessaries, 158, 172. See also wage
Morgan, Mary S., 120	Neelima, Kota, 128–9, 137
Mukherjee, Siddhartha, 136	neoclassical economics. See marginalist
multiplier, 75–6, 82, 94, 96, 101, 153, 155,	economics
161	net investment, 99. See also investment
Mun, Thomas, 5	new growth theory, 115. See also
Muqaddimah (Ibn Khaldun), 5, 22	marginalist growth theory
mutual benefit financial companies	nidhis, 42
(MBFCs), 42	Nobel Prize, 23, 113
mutual funds, 27, 34, 40, 42, 49, 51–2, 58	non-banking finance corporations (NBFCs), 42–3
Naoroji, Dadabhai, 23	non-banking financial institutions, 42
Narayan, R. K., 44	non-capitalist sector, 131
National Accounts Statistics (NAS), 23,	non-capitalist societies, 66
25,67	non-competitive economies, 14
National Bank for Agriculture and Rural	non-economics journals
Development (NABARD), 43	Accounting Review, The, 27
National Bank of Egypt, 107	Political Quarterly, 162
National Campaign on Adivasi Rights, 16	non-farm business, 131
	non-farm enterprises, 131
National Commission on Enterprises in	=
the Unorganised Sector (NCEUS),	non-financial sectors, 79
130	non-renewable resources, 108



INDEX

Nordhaus, William, 113, 152 opportunity cost, 53 normal, idea of, 12, 14, 166 orthodox economics. See marginalist economics objectives output and employment, theories of, 65-78 of economic policy, 29, 55, 116, 123, aggregate demand 158, 160 - 1autonomous and induced elements of economics, 29 of, 77 object of analysis, 12-15, 17, 27, 35-6, 65, applicability to India, 77-8 classical economists, 68 observations, economic, 18, 91, 124, 136, Keynesian multiplier and, 75-6 143 Keynesian theory, 66, 71-5 Office of the Economics Advisor (OEA), marginalist theory, 68-70 165 marginalist versus Keynesian oil, 35, 80, 176-7, 179, 192 approaches, 70-1 Oil and Natural Gas Corporation Say's Law, 69, 71 (ONGC), 41 oligopoly. See imperfect competition Paasche, Hermann, 165-6, 177 Omkarnath, Goddanti, 137 Pacioli, Luca, 55 O'Neil, Cathy, 135-6 Palumbo, Antonella, 96 open economy paradox of thrift, 121, 142 application of Keynesian theory to, 81 parameter, 118-19, 171 Balance of Payments, 62, 86 Parikh, Kirit S., 132 capital account, 62-3, 86-7, 188 partial equilibrium, 36 current account, 62, 84-8, 110, 188 Pasinetti, Luigi L., 115 in fiction, 85-6. See also fiction for patriarchy, 101, 148, 149, 181 economists pawnbrokers, 40, 44-5 economic growth, 110-14 peasant economy, 131. See also abstraction exports, 5, 27, 60 pedagogy, xx, 73, 82, 121, 164, 192 foreign direct investment (FDI), 61 percentage point, 56 foreign institutional investors (FIIs), 61 perfect competition. See competitive geopolitics, 80-1, 113-14 economy growth in, 110-14 Petty, William, 4-5, 12, 20, 22-4 imports, 59 philosophy of macroeconomics international finance, 59 abstraction, 170 international trade, 83, 87-8, 110, 112, concept, xix, 186-92 180 conceptualisation, 20 macrodynamics of, 78-87 context, 126 macroeconomic accounting, 41, 151, data, 108 158, 180 money in, 58-62 formalisation, 98 logic, xvi, 65, 119, 121 theory of output, 63, 66, 68-71, 78, 89, 92-4, 100, 112, 121, 158 mathematics, 44, 117, 119, 135



INDEX

philosophy of macroeconomics (continued) measurement	political economy (continued) Smith, Adam, 5, 9, 11, 32, 100, 111,
statistical, 37	125, 186
,	Sraffa, Piero, 32, 100
theoretical, 18–19, 37	
paradigm, 122, 196	political inequalities, 112
theorising, 12	politics, 10–12, 28, 96, 109, 114, 150, 173,
theory, 31	190
philosophy of science, 8, 133. See also	pollution, 108–9
Feyerabend, Paul	population, 10, 22, 36, 99, 139
philosophy of statistics, 37, 134–6	portfolio, 42
physical capital. See productive capacity	poverty, 88, 137, 158
Picchio, Antonella, 139, 150	power. See also conflict
Pigou, A. C., 7, 65–6, 68, 189	bargaining, 175
Piketty, Thomas, 21, 107	Bharadwaj, Krishna on, 45, 96, 181
Pivetti, Massimo, 63, 175, 185	caste, 13
Planning Commission of India, 106, 132	gender, 78
Chakravarty, Sukhamoy, 157	government, 41, 50
Five-Year Plan of India, 132	interlinked markets, 45, 129–30, 181
first plan (1951-56), 43, 158, 182	land, 1, 11, 101–3
second plan (1956-61), 43, 98, 106,	primitive accumulation, 111
151, 156–8	Ricardo, David on, 17, 175
Mahalanobis, P. C., 20, 23, 151	Smith, Adam on, 10
Raj, K. N., 106	statistics, 78
policy	workers and capitalists, 5-6, 177
and context, 138	Xaxa, Abhay on, 16, 29, 196
data, 18, 37, 107-8, 133-6	power sector of India
employment, 43, 138, 159, 191	ecological impacts, 108-9
fiscal, 151, 158-61, 178-9, 184, 191	generation of electric power, 108
government, 6, 105, 179, 192	growth of CO ₂ emissions from, 108
inflation, 183, 191	use of non-renewable resources, 108
and measurement, 18	Pradhan Mantri Jan Dhan Yojana, 43
monetary, 55, 59, 61-3, 96-7, 132, 163,	precarity, 130, 140, 177
178-9, 181, 184-5	price
and theory, 115, 120–5	determination of, 171-2, 175, 184, 191,
political arithmetick, 22–3	193
political economy, 11	general price level, 36, 164-5, 169-70,
of the classical economists, 6	185
concept of, 5, 8	index numbers, 163, 165-6, 176-7, 184
of land, 129	191, 194
of Marx, Karl, 100	and inflation, 1, 163, 164–7
objective of, 64, 138, 143	labour. See wages
Ricardo, David, 5, 9, 32, 99–100	money. See interest rate
	•



INDEX

price (continued) of onions, 168, 184–5 relative prices, 87, 96, 111, 178 theories of, 171–2 price theory classical economics, 5–6, 9–10, 68, 95, 122, 125, 189–90, 192, 194 history of, 171	public education, 34, 107, 138, 150, 155, 159, 162, 182, 191 public health, 34, 105, 107, 154–5, 157, 160 public policy. <i>See</i> policy public–private partnerships, 107 public sector undertakings (PSUs), 41 purchasing power, 48, 163
and inflation theory, 172 marginalist economics, 6–9, 112, 117, 122–4, 136–7, 178, 190 private investment, 7, 16, 38, 75, 77, 112, 124–5, 153–5, 159 problem-setting approach, xvi, 186 problem-solving approach, xvi, 186	quality of life. <i>See</i> wages quantity demanded. <i>See</i> aggregate demand quantity supplied. <i>See</i> aggregate supply quantity theory of money (QTM), 173–4, 178, 183, 193. <i>See also</i> monetarism Quesnay, François, 12, 24–7, 31–3, 98, 134 quota, 59, 79–80
procyclical policy, 159 production labour-saving techniques of, 155 theory of, 97 production function, 92–3, 174. See also marginalist growth theory production networks, 111 productive capacity, growth of, 35, 40, 57, 61, 66–7, 73, 87, 91–2, 99, 118, 152, 154, 156–7, 160, 189 profit determination, 99 maximisation, 155 progress, 109. See also knowledge; technological progress propensity to consume, 118–19 propensity to save, 77, 119, 123 property, 15, 74, 111, 152 Provident Fund (PF), 41, 52	Raj, K. N., 106, 127, 157 Rakshit, Mihir, 184 Ranade, M. G., 127, 194 Rao, V. K. R. V., 20, 23, 77–8, 151, 156–8 rate of interest, 54, 69–70, 123, 125, 154 and demand for money, 183 determination of, 123 real, 122 rate of profit, 19 and economic growth, 107–8 rate of return, 2, 14, 17, 50, 59, 87, 107, 112, 190 on capital, 107 on financial products, 50, 61 ratio, 168, 170 Rawal, Vikas, 137 raw materials, 32, 52, 109, 180. See also natural resources Reddy, Kesava, 102
provider of last resort, 121 psychological effects, 139–40, 144 psychology. <i>See</i> marginalist price theory public administration, 104–5, 154, 190 public amenities, 148 public debt sustainability, 41, 151, 153–4, 156	Regional Rural Banks, 43 regulation, 180, 194 re-insurance companies, 46 relative prices, 87, 96, 111, 178. See also meso approach religion, 85, 112 remittances, 62, 79, 85–6



INDEX

rent, 52, 108, 128	Robinson, Joan, 14, 83, 110
rentiers, 108	Romer, Paul, 94, 152
research and development (R&D), 34, 57,	Roncaglia, Alessandro, 19, 89
77, 94	Royal Swedish Academy of Sciences, 113
Reserve Bank of India (RBI), 1, 39, 46, 50,	rural economy, 181
122, 163, 188	
annual report of, 61	salaried workers, 34, 108, 131
Balance of Payments Manual for India	Saluja, M. R., 38, 165-6
(2010), 86	Samuelson, Paul, 7
balance sheet, 61, 63	savings, 23, 27, 38, 40, 48, 55, 69-70, 119,
deposits of the government with, 61	123–4, 134
'Flow of Funds Accounts of the Indian	Sawyer, Malcolm, 63
Economy', 27, 47	Say, J. B., 65, 68–9
forex requirements, 58	Say's Law, 69, 71, 189
interest rates, 1, 39, 57, 188	scarcity. See marginalist economics
liability of, 61	Scheduled Castes (SCs), 148, 151, 191,
loans to the commercial banks (CBs),	194
61	Scheduled Tribes (STs), 148, 151, 191, 194
Monetary policy, 55, 59, 61, 63	Schui, Florian, 152
Monetary Policy Committee (MPC),	science, 5, 7–11, 103, 178, 186
55	science of wealth, 10-11, 18, 20, 192
Policy Repo Rate, 55-6	sectoral flow of funds, 26-8
quantity theory of money, 183	sectors of Indian economy. See also meso
RBI Bulletin, 51	approach
role of, 39	division of
rest of the world (RoW), 33, 41, 50, 58,	by FoF, 27
78–9, 81, 83–4, 86, 124, 188	by IOTT, 27
retained earnings, 34, 40	financial sector, 33-4, 40-3, 52, 76, 79,
Review of Political Economy, 185, 197	104–5, 143, 174, 175
rhetoric, 164, 178, 192	manufacturing sector, 1, 80, 103-5, 129
Ricardo, David, 5, 9, 14, 17, 32, 68, 98-100,	131, 145, 147
114–15, 125, 137, 172, 175, 186,	non-capitalist sector, 131
192–3	non-financial sector, 79
economic growth, 17, 98-100	power sector, 108–9
economics, definition of, 186	primary sector, 35
wages, 172, 186, 192	secondary sector, 35
power, role of, 162	services sector, 1, 83, 128, 131, 139, 150
Principles of Political Economy and	160
Taxation (1817), 9, 14, 99, 172	tertiary sector, 35
risk, 42, 49–51, 59, 112, 192	total output of, 27
risk premium, 50	Securities and Exchange Board of India
Robbins, Lionel, 9, 186	(SEBI), 46



Sekhsaria, Pankaj, 29, 109	social stereotypes, 140, 149
self-employment, 34, 77, 131, 134	social surplus, 5, 97, 178. See also classical
Sen, Amartya, 98	economics
Sen, Sunanda, 63	society, 4, 6, 20-3, 28-31, 28-32, 37, 66, 97
Serrano, Franklin, 96, 98	109, 124, 127, 131, 180–1, 187, 194
services, 1–2, 9, 24, 26, 32, 34, 76, 81, 84,	Solow, Robert, 66, 93, 117
106, 148, 160	model of economic growth, 93
services sector, 1, 83, 128, 131, 139, 150,	sovereign bonds, 41, 50–1
160	Spiethoff, Arthur, 10
Shekhar, Hansda Sowvendra, 11, 29, 109	Sraffa, Piero, 7, 18, 32, 96, 171, 178
Shirwale, Bhimrao, 44	on capital theory, 7
short run, 67, 92, 119	and classical economics, 95
Shrivastava, Aseem, 108, 180	classical revival, 174
Shukla, Shrilal, 103, 142, 147	on measurement, 7
simplification. See also abstraction	price theory, 171
concept of, 131	Production of Commodities by Means of
and context, 131	Commodities (1960), 32, 171, 172
for pedagogy, xx, 73, 82, 164, 192	on Quesnay, 32
for rhetoric, 164	value theory, 96
and theory, 112	stability, 74, 112, 163, 179–80
and thought experiment, 59, 121	stabilisation policies. See anti-cyclical
for visual ease, 33, 79	policy; counter-cyclical policy
Sismondi, J. C. L., 5, 66	standard of living. See caste system; gender;
Sivakami, P., 13	necessaries; wages
Skidelsky, Robert, 89	State, 21, 194
Smith, Adam, 5, 8–9, 11, 98–9, 138, 143,	State Bank of India (SBI), 54, 58
146	State Financial Corporations (SFCs), 43
definition of economics, 8	statistics, 23, 49, 90, 133, 135, 164, 165,
division of labour, 5. See also	196
technological progress	steady state, 93, 100
economic growth, 96	Steel Authority of India Limited (SAIL),
extent of the market, 99	41
power, role of, 10	steel industry, 35
Theory of Moral Sentiments (1759), 30	Stirati, Antonella, 125, 185
wages, 68	Stone, Richard, 23, 133-4
Wealth of Nations (1776), 5, 8, 98, 111,	structural interdependence, 76, 94, 100,
124, 146, 182	111, 153, 157, 169, 172, 174, 178,
Smithin, John, 63	183, 193-4. See also meso approach
Smith, Matthew, 96, 137	subjective theory of value. See marginalist
social barriers, 128	economics
social sciences, 28, 30-1, 103	subsidies, 59, 79, 94, 112, 154
social security benefits, 130	subsistence, 5, 8–9, 26, 32, 64, 138, 163



INDEX

substitution, 113, 186. See also marginalist	terms of trade, 15. See also meso approach
economics	theory. See also concept
supermultiplier, 94, 96	classical, 68, 95-7, 100, 193
supply	employment, 7, 24, 70
in the aggregate, 164	growth, 66, 92-8, 100-1, 110, 112-15,
of capital, 123.	151–2, 158, 162, 180, 189–90
of foreign currency, 61	history of, 4–8
of labour, 6, 88	inflation, 184
of money, 54	Keynesian, 66, 68, 70-4, 78, 81, 88,
of natural resources, 24, 129	92–3, 112, 124, 151–3, 156, 158,
supply-side economics. See marginalist	162, 174, 189–90, 193
economics	limits of, 4
supply-side growth theories, 92–4, 100,	marginalist, 68-70, 78, 88-9, 92-4, 100,
110, 113–15, 117, 152, 180, 189–90	124–5, 136, 151, 189, 191
surplus. See social surplus	output, 63, 66, 68–70, 78, 89, 92–4, 100,
sustainable economic growth, 190	117, 121, 156, 158, 162, 174,
Swaminathan, Madhura, 137	189–90
System of National Accounts (SNA), 23	price, 172, 178, 193
System of Functional Recounts (SF421), 25	Thomas, Alex M., 19, 89, 115, 137
tariff, 79–80	thought experiment, 59, 121
taxation, 81, 183	time deposits, 34, 48
taxes	Tooke, Thomas, 5, 123, 137
concessions in, 112	trade. See inter-industry relationship;
corporate tax, 34, 154	international trade
direct tax, 154	trade balance, 83
Goods and Services Tax (GST), 34	trade barriers, 80
income tax, 21, 34, 154	trade cycle. See business cycles
indirect tax, 154	trade unions, 2, 96, 106
•	Trade Unions Act (1926), 146
tax havens, emergence of, 133	trade war. See 'beggar-my-neighbour'
technological growth, 62	policies
technological innovations, 91	transactions motive, 29
technological progress	transfer pricing, 133
determinants of, 67, 91, 94–5, 99, 110,	transfers, 85
113, 152, 189	transfers of income, 85. See also remittances
division of labour, 99	transmission mechanism, monetary, 55–6,
ecology, 99, 113	58–9, 132
economic growth, 62, 67, 91, 95, 99,	transportation industry, 35
110	Trautmann, Thomas R., 19
employment, 152	treasury bills (T-bills), 51, 58
technology, 15, 18, 67, 87, 92–5, 99, 110,	Trezzini, Attilio, 96
123, 171–2	tribal economy, 29. See also abstraction



trust, 28–9 two-sector economy, 68–70, 72, 74, 81, 117	velocity of circulation, 174 village council, 103
	village economy, 128–9, 131. See also
uncertainty, 7, 130	abstraction
underconsumption, 66, 100	Vinodini, M. M., 161
underground economy. See black economy	volatility, 112, 159, 181
unemployment, 153, 190. See also	
employment	wage bargaining, 6, 125, 173
caste and, 78, 139	wage determination, 69, 172
economic policy to combat, 158	Code on Wages (2019), 146
framework for, 155	for contract labour, 146
gender and, 129	Smith's views on, 146
insurance schemes, 24	theories of, 145–6
of labour, 153	wage disparity, 145
labour force participation rate (LFPR),	wage inequality, 64, 194
139–40	wage labour, 15, 88, 128, 129, 131
problem of, 27, 70, 134	wages
policy issues relating to, 116	determination of, 175
in India, 64	evolution of, 173
macroeconomic solutions for, 151	minimum wages. See minimum wages
rate of, 139, 147	purchasing power of, 163
youth unemployment, 141	Walras, Léon, 5
union, trade, 2, 96, 106	wealth inequality, 106, 156
United Kingdom (UK), 78	Wealth of Nations (Smith, Adam), 5, 8, 98,
United Nations (UN)	111, 124, 146, 182
System of National Accounts (SNA),	Weintraub, E. Roy, 117
23	well-being, 64, 104, 106
United States (US), 11, 22, 58, 78, 111,	white money, 132. See also black money
122, 179	wholesale price index (WPI), 36, 165, 176
unorganised sector, 130. See informal	calculation of, 184
economies	Laspeyres's formula for, 165
urban economies, 15, 129	Paasche's formula for, 166
US dollars (USD), 58, 179	construction of, 165–6, 191
utility, 6, 9, 117, 121, 166, 171. See also	distribution of weights in, 167
marginalist economics	'Frequently Asked Questions on
magmane economic	Revision of Wholesale Price
Vakil, C. N., 158	Index' (2017), 166
value added, 32, 105, 164	index numbers of
value chains. See global value chains	petroleum import prices, 176
value, theories of, 5, 93, 191. <i>See also</i> price	wholesale price, 168
theories; microeconomics	of primary articles, 169
Veblen, Thorstein, 7	weights in India's WPI, 167
, colon, indistent, /	



INDEX

women. See also gender
national accounts, 23, 68, 180
participation in the workforce, 149
wage labour, 129
working in agriculture, 129
workers, 74, 85–6, 90–1, 177, 191, 194
workforce, 131, 140–1, 146, 148–9, 161,
191, 194
working-age population, 139
World Bank's Global Findex Database
(2017), 43

world economy, 58, 83, 110-13, 190

Xaxa, Abhay, 16, 29, 196

year-on-year (y-o-y), 169 yield curve, 51, 57 yields, 37, 50–1, 55, 67 youth unemployment, 141

zero-sum game, 83, 153