

UNIVERSITY OF CALICUT

(Abstract)

MA Economics – Semester Course – Syllabus revised – I to III Semester –approved-
implemented with effect from 2009 admission - Orders issued.

GENERAL AND ACADEMIC BRANCH – I 'B' SECTION

No.GAI/B1/3447/03. Vol. II

Dated, Calicut University. P.O., 30.06.2009

- Read: 1 Minutes of the meeting of the Board of Studies in Economics (PG) held on
08.01.2009 (Item No. 2)
2. Minutes of the meeting of the Faculty of Humanities held on 08.05.2009
(Item No. I.2)
3. Minutes of meeting of the Academic Council held on 14.05.2009
(Item No.II G2)

ORDER

Vide paper read first above, the Board of Studies in Economics (PG) at its meeting held on 08.01.2009 resolved to revise the syllabus of M.A Course - Semester and approved the modified syllabus of papers of I, II and III Semesters and resolved that the modified syllabus be implemented with effect from 2009 admission onwards.

The Faculty of Humanities vide paper read second above, approved the minutes of the meeting of the Board of Studies in Economics (PG). The Academic Council vide paper read third above has approved the minutes of the Faculty of Humanities.

Orders are therefore issued implementing the revised syllabus of M.A. Economics (Semester Course) of I, II and III Semester with effect from 2009 admission.

The revised syllabus is appended herewith.

Sd/-

DEPUTY REGISTRAR (G&A-I)
For REGISTRAR.

To

The Principals of all Colleges offering M.A Economics

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SECTION OFFICER

M.A. Economics
1st Semester
Paper I – Micro Economic Theory I

Hours 90

I. Demand Analysis – Recent Developments in Demand Theory- Bandwagon, Snob and Veblen effects, Demand characteristics – Kelvin Lancaster – Demand for durable goods and non durable goods – Constant elasticity functions. Linear Expenditure System.

II. Consumer Choice under risk –describing risk –probability and variability in measuring risk. Risk aversion – Economics of insurance - cost and risks, risk pooling and risk spreading. Choices involving risk – Newman Morgenstern, Friedman-Savage, Markowitz and St. Petersburg Paradox.

III. Theory of Production and Costs. Linear homogenous production function, Technical progress and production function, CES and VES Production function. Long run Cost functions. Expansion path and long run cost curves-shape of long run cost curves. Multi product firms and dynamic changes in costs-Economies of scope-The learning curves.

IV. Competitive Markets – Monopolistic Competition – Chamberlin's group equilibrium. Oligopoly – Pricing under Oligopoly. Classical models. Game Theory and Competitive strategy – Cooperative Vs Non Cooperative, Repeated Games, Sequential games, Nash Equilibrium. Limit Pricing models – Bain, Sylos-Labine, Franco Modigliani, Pashigain. Theory of Transaction Cost- Williamson's Model.

V. General Equilibrium and Welfare Economics- Partial and General Equilibrium – Walrasian model-Theory of tatonnement –Arrow and Debru.

References

A. Koutsoyiannis, Modern Micro Economics, the Macmillan Press, 1990.

Pindycki Rubinfeld, and Mehta, Micro Economics, Pearson Printice Hall, 2006.

Dominic Salvatore, Micro Economic Theory and Applications, Oxford University Press, 2006.

Hal R Varian, Micro Economic Analysis, W.W Norton, New York
Michale Derlich, Transaction Cost Economics and Beyond

Maria Mochandreas, Business Economics, Chapter 3
Anidiya Sen, Industrial organisation, Oxford University Press, 2000.

M.A. Economics
1st Semester
Paper II - Macro Economics

Hours 90

1. Introduction: The development of macro economics – Different schools of thought.
2. Macro economic equilibrium analysis: Two sector, three sector orthodox Keynesian model and ISLM model Labour market equilibrium in the Keynesian and Neo classical models – The nature of macro economic equilibrium – the aggregate supply and demand functions and the fiscal and monetary policy analysis in the Keynesian and neo classical models – Neo classical Keynesian synthesis.
3. Theories of consumption – the absolute income the relative income, permanent income and life cycle hypothesis – the cyclical and secular consumption pattern and its reconciliation (consumption Puzzle)
4. Theories of investment – capital investment and rate of interest, the profits theory, the acceleration theory and the neoclassical theory of investment, Tobin's q ratio.
5. Macro economic policy in the open economic – IS and L M curve. The BP curve and the equilibrium in the four sector economy.
6. Modern developments in macro economics

Monetarist school – The quantity theory of money. The expectations argument Philips curve and its implications, monetary approach to balance of payments and exchange rate determination.

New Keynesian economics – the disequilibrium models - the quantity constrained open economy models, rationalizing the wage and price flexibility (small menu cost, implicit contract models, efficiency wage model and the insider and outsider model)

New classical school - Theoretical propositions (the rational expectations hypothesis, continuous market clearing, The aggregate supply hypothesis) New classical theory of business cycle, Policy implications of new classical approach, Supply side economics

Essential Readings

1. Mankiw, N. Gregory (2008) '*Macroeconomics*', Worth Publishers', NY, 6th ed.
2. Froyen, Richard T. (2005) '*Macroeconomics: Theories and Policies*', Pearson (LPE), seventh ed.
3. Snowdon, Brian and Vane, R. Howard (2005) '*Modern Macroeconomics: Its Origin, Development and Current State*', Edward Elgar pub., Cheltenham, UK. Northampton, MA, USA
4. Levacic, Rosalind and Rebman, Alexander (1982) '*Macroeconomics: An Introduction to Keynesian-Neoclassical Controversies*', 2nd ed. Macmillan
5. Samuelson and Nordhaus (1998) '*Macroeconomics*', 16th ed. Irwin McGraw hill
6. Phelps, S, Edmund (1990) '*Seven Schools of Macroeconomic Thought*'
7. Dornbusch, Rudiger; Stanley Fisher and Richard Startz (2004) '*Macroeconomics*' 9th ed.
8. Plosser, C. (1989) 'Understanding Real Business Cycles', *Journal of Economic Perspectives*, 1989, Summer
9. Hargreaves Heap, S.P (1992). '*The New Keynesian Macroeconomics: Time, Belief and Social Independence*', Edward Elgar Publishing
10. D'Souza, Errol (2008) '*Macroeconomics*', Pearson

M.A. ECONOMICS
Semester I Paper III
Mathematics for Economic Analysis

Hours. 90

Module 1 : Sets and Functions

Importance of Quantitative techniques in Economic analysis – Limitations – Sets, Variables, Relations and Functions – Types of functions – Functions involving more than one variable – Limit of a function – continuity of a function – Permutations and combinations – Binomial theorem for a positive integral index, exponential series (only the results are required). (5 hours)

Module 2 : Matrix Algebra and Economic Applications

Definitions and Notations – Types of matrices – Operations on matrices – Determinants – Properties of determinants – Minors and co-factors – Adjoint of a matrix – Inverse of a matrix – Rank of a matrix – Solution to a system of linear equations using Cramer's rule and Matrix method – Characteristic equations – characteristic roots – Applications in input-output model. (10 hours)

Module 3 : Calculus Techniques

Concept of derivatives – Rules of differentiation – First order and second order derivatives – Applications of differentiation on marginal concepts – Differentiation of implicit functions – Partial and total differentiations – Determination of partial elasticities – Application of Euler's theorem – Slope of a curve – Convexity – Concavity – Points of inflexion – Optimization with no constraints – Maxima and minima, Applications – Cost minimisation – Profit and Revenue maximization – Integration – Indefinite integral as antiderivative – Rules of integration and standard forms – Definite integral – Properties – Area under a curve – Applications in Economics. Concept, definitions and classification of differential equations – Concept of difference equations with examples. (20 hours)

Module 4 : Optimisation Techniques

Optimisation with equality constraints – Lagrangian Multiplier Method – Optimization with inequality constraints – Linear Programming – Formulation of the problem – Graphic Solution to LPP – Simplex method – Duality in LP – Economic interpretation of dual, Applications of LP.

Module 5 : Computer and Economic Analysis

Fundamentals of computers – Awareness in Packages like MS Word, MS Excel. Operation Softwares (Windows, Linux) – Applications in Economic Analysis – Introduction and use of different statistical packages – SPSS for Data analysis – Data entry in SPSS – Data analysis tests in SPSS. (10 hours)

Suggested text books :

1. Aggarwal, Bharadwaj and Gupta 1996 – Quantitative Techniques in Economics, Kalyani Publications.
2. Allen, R.G.D. (1974) – Mathematical Analysis for Economists, Macmillan Press and ELBS, London.
3. Almen (1967) – Matrix methods in Economics, Addison Wesley Publishing Company.
4. Biz K. – Quantitative Techniques in Economics, Kalyani Publications.
5. Chiyang, A.C. (1996) – Fundamental Methods of Mathematical Economics, Mc.Graw Hill, New York.
6. Edward T. Dowling 1992 – Introduction to Mathematical Economics, McGraw Hill Inc., N.Y.
7. Hantry, A.T. (1999) – Operations Research, Prentia Hall of India, New Delhi.
8. Koe, (1977) – Elements of optimization with applications in Economics and Business, Springer Verlag, New York.
9. Kothari, C.R. (2008) – An Introduction to Operations Research, Vikas Publishing House, New Delhi.
10. Kothari, C.R. (2008) – Quantitative Techniques, Vikas Publishing House, New Delhi.
11. Leighton (1952) – An introduction the theory of Differential Equations, Mc.Graw Hill Book Company.
12. Srinath Baruah – Basic Mathematics and its Applications in Economics, Mac Millan India Pvt. Ltd.
13. Yamane Taro (1975) – Mathematics for Economists, Prentice Hall of India, New Delhi.

Module-1 Dynamics of Development in Indian Economy

Need based and want based economy- Dynamics of development: Indian Economy of the past- Village economy; the pattern of change; The colonial legacy. The dynamics of development today.

Module-2 Major debates since Independence

Debates on Planning-Debates on Agricultural development, Debates on Industrialisation-Debates on Population Policy, Debates on Foreign Trade and Foreign Capital, Debates on Appropriate Technology, Debates on Poverty.

Module-3 Growth and Structural change of the Economy

Growth and structural change since independence, Distribution of national income among four factors of production, Regional disparity

Module-4 Economic Reforms and its impact

Evolution of economic policy in India;
Industrial Policy reforms and its impact on Industry and industrial climate in India;
Trade policy reforms and the emerging dimensions of India's Balance of payments;
Financial sector reforms;
Fiscal Reforms and Indian fiscal situation in the Reform period;
Economic reforms and poverty alleviation in India;
Impact of Reform on Indian Agriculture and food security
WTO and its impact on different sectors of the Indian Economy
India in the world economy

Module-5 Development issues in Kerala Economy

Growth and structural change of Kerala Economy
Understanding Kerala's Paradoxes;
Kerala: A paradox or Incomplete Agenda;
Education in Kerala's Development;
Impact of Migration on Kerala's economy and society;
Public Action and Kerala's Development experience
Poverty and unemployment
Fiscal crisis and fiscal reforms
Experience in Decentralized planning
Impact of economic reforms on Kerala economy

References

- 1 C.T. Kurian, **Poverty, :Planning and Social transformation in India**, Allied Publishers Pvt. Ltd, 1978 Chapters III, IV
- 2 Bipan Chandra, The Colonial Legacy, in **The Indian Economy: Problems and Prospects**, (ed). Bimal Jalan, Penguin Books Chapter1.
- 3 Terence J Byres (ed). **The Indian economy major Debates since Independence**, OUP Chapters IV,V,VI, VII, IX.
- 4 Kausik Basu, The Indian economy Up to 1991 and Since, in **The India's Emerging Economy**, (ed). Kusik Basu, OUP,2005 Chapter1.
- 5 PN Dhar, Evolution of Economic Policy: An Overview, in **The Evolution of Economic Policy in India, Selected Essays**, PN Dhar, OUP, 2003 Chapter1& 9.
- 6 Deepak Lal, Economic reforms and poverty Alleviation, in **Indian economic Reforms and development, Essays for Man. Singh** ed. Isher J. Ahluwadia and IMD Little, OUP, 2004, Chapter 10
- 7 Deepak Lal, Economic reform and poverty alleviation, in **India in The World Economy**, OUP, 1999, Chapter 6.
- 8 Vijay Joshi and IMD Little,**India's Economic Reforms1991-2001**, OUP,2004 Chapter 6.
- 9 Suresh D. Tendulkar, Indian Economic policy reform and poverty, An assessment, in **Indian economic Reforms and Development, Essays for Man. Singh**, Isher J. Ahluwadia and IMD Little, OUP, 2004, Chapter 12
- 10 C. H. Hannmantha Rao, The Attack on Poverty and Deprivation Role of structural Adjustment, in **Agriculture, Food security, Poverty and Environment**, C. H. Hannmantha Rao, OUP, 2006, chapter 13
- 11 Bimal Jalan, '**The future of India**' **Politics, Economics and governance**, Penguin, Viking 2005 Chapter 3
- 12 C. Rangarajan, **Indian Economy**, Essays on Moey and Finance, UBSPD,1998, Chapters 19,20,21.
- 13 Y. V.Rreddy, Indian agriculture and Reform: Concerns, Issues and Agenda In **Lectures on Indian Economic and Financial sector Reforms in India**, OUP 2004, chapter 14.

M.A. Economics
2nd Semester
Paper V – Micro Economic Theory II

Hours. 90

- 1 Input-output Analysis – Leontiff closed models – Technical coefficient – Hawkins Simon condition.
2. Capital Controversy. Central Issues in Capital Theory, Problems of definitions and measurement of capital- Technical progress and vintage model – Malleable and non malleable capital, Neoclassical parallels – Negation of neoclassical parables – Switching reswitching of techniques- Wicksell Effect – surrogate production function – Hicks constant factor proportion – heterogeneous capital.
3. Asymmetric Information and Markets – Akerlof's Model of Lemons'-Market signaling, Moral Hazard, the principal agent problem. Asymmetric Information in Labour Markets.
Social Welfare function Pareto Optimality, Kaldor-Hicks compensation criterion, Theory of Second Best, Arrow's Impossibility theory, Rawl's theory of justice.
Externalities – Consumption and Production. Externalities and efficiency . The tragedy of commons. Externalities and Property rights
4. Euler's Theorem and Adding up problem. Macro theories of Distribution. Ricardo, Marx, Kalceki and Kaldor.
5. Financial Micro Economics. Lending – Borrowing equilibrium, Saving - Investment equilibrium. Investment Decisions The Cost of Capital. Some Applications of financial Micro Economics.

References

- A. Koutsoyiannis, Modern Micro Economics, The Macmillan Press, 1990.
- Dominic Salvatore, Micro Economic Theory and Applications, Oxford University Press, 2006.
- Da Costa GC, Value and Distribution, Himalayan Publishing Company, New Delhi.

Hirschleifer J and A Glazer, Price theory and its Applications, Printice
Hall of India, New Delhi.

M.A. Economics
2nd Semester

Paper VI- Monetary Economics: Theory and Policy

Hours 90

I Introduction – Money and its functions, Kinds of money, The payment system, Measures of money supply (Monetary and Liquidity Aggregates).

II Demand for money – Nominal versus real cash balances, The Neo classical theory, Keynes theory, Friedman's re instalment of quantity theory of money, Inventory theory, Portfolio balance theory, Liquidity theory (Radcliff – Sayers version and Gurley and Shaw version), Real balance effect.

III Theory of money supply – The H Theory of money supply, The money multiplier process, Determinant of money multiplier, Factors affecting H, Optimal quantity of money. Balance sheet of commercial banks and multiple deposit creation.

IV Central banking – Role (developmental and promotional), Functions.

V Inflation – Type of inflation, Philips curve, NAIRU, Inflation targeting, Friedman's rule of constant money growth, Welfare costs of inflation, Money, prices and output (short run and long run relationship)

VI Monetary policy – Goals targets and indicators, Instruments of control Exchange rate, Exchange rate policies and controls, Money market equilibrium analysis in an open economy, Monetary policy under fixed and flexible exchange rate system, problems in monetary policy making.

VII Monetary policy in India, RBI measures of money supply, Control of money supply and liquidity – Effectiveness of monetary policies.

Main Reading

1. Lewis M. and Mizen P. Monetary Economics. Oxford University Press, 2002
2. Goodhart C. Money, Information and Uncertainty. MacMillan, 1989.
3. Krugman P. and M. Obstfeld. International Economics: Theory and Policy. Addison Wesley, 2003.
4. Mishkin F. The Economics of Banking and Financial Markets. 6th ed. rev., Boston., 2003.
5. Miller R., Van Hoose D. Modern Money and Banking. 3d ed., L., 1993.
6. McCallum Bennett T. Inflation: Theory and Evidence. In: Handbook of Monetary Economics, Vol. II. Elsevier Science Publishers, 1990.
7. Hoover, K.D. The New Classical Macroeconomics. Blackwell, 1988, ch. 3.
8. Plosser, C. **Understanding Real Business Cycles**, Journal of Economic Perspectives, 1989, Summer.
- 9 Hargreaves Heap, S.P. The New Keynesian Macroeconomics: Time, Belief and Social Independence. Edward Elgar Publishing, 1992, ch. 5 and 6
10. Chandler. L.V. 1979. The Monetary Financial System. New York. Harper and Row.
11. Chandler L.V. and Goldfeld SM 1977 The economics of Money and Banking 7th ed. New York: Harper and Row.
12. Chick V 1977. The Theory of Monetary Policy Revised ed. Oxford Basil Blackwell.
13. Gibson W.E. and Kaufman GG (eds.) 1971 Monetary Economics: Readings on Current Issues. New York: McGraw Hill.
14. Gurley J and Shaw ES. 1960. Money in a Theory of Finance Washington : Brookings Institution.

Internet Resources

1. <http://econ.lse.ac.uk/courses/ec321/>
2. <http://mief.hse.ru>
3. http://wps.aw.com/aw_mishkin_econmbfm_8
4. http://wps.aw.com/aw_krgmnobstf_interecon_7

M.A. Economics
2nd Semester

Paper VII – International Trade: Theory and Policy

Hours. 90

Module-1: Introduction

Why study International economics? Meaning of International interdependence; Policy implications of International interdependence; Symptoms of international interdependence.

Ref. Chapter one of **Beth V Yarbrough and Robert M Yarbrough**, *The World Economy Trade and Finance*, (Thomson South-western), 2007

Module-2: International Trade and Economic Development

Importance of trade to Development, Trade as an engine of growth, Import substitution Versus export orientation, Trade can be good for development- Lessons of East Asia and Latin America, Trade liberalization welfare and growth, empirical evidence, Policy Implications, Common fallacies of International trade, Export instability and economic development.

Ref. 1 Chapter Eleven of Dominick **Salvatore**, *International Economics* Seventh Edition, (John Wiley and Sons)

2 Chapter Two of **Joseph E Stiglitz and Andrew Charlton**, *Fair Trade for All: How Trade can Promote Development*, (Oxford University Press), 2005

3 Chapter One of **Robert J Carbaugh**, *International Economics* IX th Edition, (Thomson South-western), 2004

Module-3 Development in Trade theories

Modern theory of trade; Leontief Paradox; Stolper Samuelson theorem; Metzler Paradox; Economies of Scale and trade (Need not go into different models), Imperfect competition and trade: Product differentiation and trade; Technological gap and product cycle theories, Transportation cost and trade; environmental standards and trade; External economies and pattern of trade.

Ref. Chapter Six of **Dominick Salvatore**, *International Economics* Seventh Edition, (John Wiley and Sons)

Module-4 Economic growth and International trade

(Need not explain the causes of growth especially different types of technical progress)

Protrade, anti trade and neutral trade growth, Rybczynski Theorem, Immiserising growth; Dutch disease; Terms of trade and offer curves, Prebisch- Singer Thesis

- Ref.** 1 Chapter Seven and Eleven of **Dominick Salvatore**, *International economics* Seventh Edition, (John Wiley and Sons)
2 Chapter 29 of **Jagdish Bhagwati and Arvind Panagariya and TN srinivasan**, *Lectures on International Trade* 2nd edition, (Oxford University Press), 2003

Module-5 Trade policy and Economic integration

Non tariff barriers and New protectionism (Avoid quotas as it is taught at degree levels): Dumping and Anti dumping duties; Exchange control; Trade monopolies; Export subsidies; Counter veiling tariff; Voluntary Export Restraints; Technical (including health and safety) standards, Administrative and other regulations; Economic Integration-Theories of customs Union; Regional Trade Agreements, Regionalism and New Trade theory
Strategic trade and Industrial policies; Strategic trade and game theory

- Ref.** 1 Chapters Nine and Ten of **Dominick Salvatore**, *International economics* Seventh Edition, (John Wiley and Sons)
2 Chapter 13 of **Charles Van Marrewijk and Ottens**, *International Economics Theory, Application and Policy*, (Oxford University Press), 2007
3 Chapter 10 of **Giancarlo Gandolfo**, *International Trade*, (Spinger International Edition), 2006.

Supplementary Reading

- 1 James C Ingram, Robert M. Dunn Jr, *International Economics* 3rd edition, (John Wiley and Sons)
- 2 PT Ellsworth, J. Clark Leith, *The International Economy*, (Macmillan Pu. Co. Inc)
- 3 Dennis R. Appleyard, Alfred J. Field Jr., *International Economics*, (Mc Grawhill)
- 4 Richard E. Caves, Jaffrey A. Frankel and Ronald W. Jones, *World Trade and payments*, (Pearson education Inc.)
- 5 Hebdrik Vanden Berg, *International Economics*, (Mc Grawhill Irwin), 2004
- 6 Mia Mikie, *International Trade*, (Mac Millan Texts in Economics)
- 7 Ngaire woods(ed) *The Political Economy of Globalisation*, (St. Martins's Press, New york), 2000
- 8 Soumyen Sikdar, *Contemporary Issues in Globalisation*, 2nd edition, (Oxford University Press), 2006

M.A. ECONOMICS
Semester II Paper VIII
Statistics for Economic Analysis

Hours. 90

Module I : Correlation and Regression

Curve fitting, Method of least squares, fitting a straight line, fitting a parabola, fitting curves of the form $y=ab^x$, $y=ax^b$. Correlation – Meaning and Definitions, Methods of studying correlation – Karl Pearson's Coefficient of Correlation, Rank Correlation Coefficient, Partial and Multiple Correlation – Regression, Meaning, Regression equations of y on x , Regression equation of x on y , Economic applications.

Module II : Probability Theory

Probability : Concept of probability, Classical definition, Empirical definition – Advantages and limitation of these definitions – Axiomatic approach to probability – Addition and multiplication laws, Independent events – Conditional probability – Marginal and compound probabilities – Bayes' theorem – Random variables – Probability distributions and probability functions – Distribution function – Mathematical expectation – Moments.

Module III : Probability Distributions

Discrete distributions – Binominal, Poisson, Uniform, Continuous distributions – Normal, Exponential, Lognormal and Pareto Distributions (Derivations are not expected), concept of law of large numbers and Central limit theorem.

Module IV : Statistical Inference

Concept of population, sample – Sampling distributions – Standard error – Distribution of sample mean, Student's t , χ^2 and F distributions – Small and large sample properties of Z , t and χ^2 and F – Estimation of population parameters – Point and Interval estimation – Fisher's properties of estimators – Confidence interval for Mean and Proportion – Methods of estimation – Methods of least squares, Method of maximum likelihood – Formulation and testing of hypothesis – Null and alternative hypothesis – Type I and Type II errors – Critical region – Level of significance Power of a test – Test of significance in respect of Mean, Proportion, Variance and Correlation coefficient – χ^2 test of goodness of fit, χ^2 test for independence.

Module V : Analysis Techniques

Analysis of variance techniques – One way and Two way Classification, A brief description of Principal component analysis, Factor analysis, Discriminant analysis.

Reference :

1. Aggarwal, Bharadwaj and Gupta – Quantitative Techniques in Economics (1st edition), Kalyani Publications, 1996 Ludhiyana.
2. Asthana – Elements of Statistics
3. Biz, K. – Quantitative Techniques in Economics (1st edn), Kalyani Publishing House, 1990.
4. Bowers David – Statistics for Economics, Macmillan, Baninstoke, 1984.
5. David, F.N. – Elementary Statistical Exercises
6. Elhance – Fundamental Methods of Statistics
7. Freund, John, E (1992) – Mathematical Statistics 5th Edn, Prentice Hall International.
8. Friday, F.A. – Elements of probability and sampling
9. Gupta and Kapoor – Fundamentals of Statistics, Sultanchand and Company, New Delhi.
10. Gupta, S.P. – Statistical Methods, S.Chand and Comp., New Delhi.
11. Kothari, C.R. (2008) – Quantitative Techniques, Vikas Publishing House, New Delhi.
12. Mood and Graybill – Introduction to the Theory of Statistics, Mc.Graw Hill, New York.
13. R.P.Hooda – Statistics for Business and Economics
14. Robert D. Mason – Statistical Techniques in Business Economics, R.D. Irwin Inc., Homewood, Illinois, 1967.
15. V.K.Rohatji – Introduction to Probability and Statistical Inference, John Wiley
16. Yamane Taro (1975) – Statistics for Economists, Prentice Hall of India, New Delhi.

M.A. Economics
3rd Semester
Paper IX – Economic Growth and Development

Hours. 90

Module I: Concepts and Measurements of Economic Growth and Development

Concepts of Growth and Development. Indicators of Economic Development: National Income, Per capita Income, PQLI, Human Development Index, Gender Related Development Index and Gender Empowerment Index, Human Poverty Index Inequality in Income Distribution, Kuznets Inverted U hypothesis, Lorenz Curve and Gini-coefficient.

Module II: Theories of Economic Growth

Grand Theories: Adam Smith and the accumulation of capital. David Ricardo, Thomas Malthus and Classical Pessimism, Karl Marx and the concepts of surplus value and exploitation, Joseph Schumpeter and the theory of Innovation,

Modern Theories: Harrod-Domar Growth Model, contributions of Kaldor-Mirrlees and Joan Robinson, Solow's Neoclassical Growth Model and the Convergence Hypothesis, Endogenous Growth Theory and the role of Human Capital, Education and Research in Economic Development.

Module III: Partial Theories of Economic Growth and Development

Basic Features of Underdeveloped Countries, Population Growth and the Theory of Low-level Equilibrium Trap, Critical Minimum Effort Thesis, Theory of Big-Push by Rosenstein-Rodan, Balanced and Unbalanced Theories, Surplus Labour and Lewis's Theory, Extensions of Lewis's Theory by Jorgenson and Fei-Ranis, W.W. Rostow and the Stage Theory. Concept of Dualism: Technological, Social, Geographical and Financial.

Module IV: Development Perspectives: An Open economy frame work.

Neo-liberal arguments of International Integration: The World Bank, ADB and IMF. Prebisch and the ECLA school, Agiri and Unequal Exchange, Myrdal and Circular Causation, Backwash and Spread Effect. Dependency School Arguments against the Neo-liberal propositions. Institutions and Economic Growth

Module V: Meaning Types and main features of planning - planning techniques (capital output ratio, investment criteria, choice of techniques, benefit cost ratio, input output analysis, Linear programming, Indian Planning) – Indian planning (objectives, strategies, investment pattern, resource mobilization, Evaluation)

Module VI: Environment and Development: The Limits to Growth model, The Techno centre approach, Brundtland commission approach to sustainable development, Sustainable development, International environmental issue (Trade and environment Rio declaration, Kyoto Protocol)

Readings

1. Thirlwall, A.P (2003) '*Growth and Development: With Special Reference to Developing Economies*', Palgrave Macmillan, Seventh Edn.

2. Ray, Debraj (2003) '*Development Economics*', Oxford India Paperbacks, OUP
3. Skarstein, Rune (1997) '*Development Theory: A Guide to Some Unfashionable Perspectives*', OUP
4. Kindleberger, C.P (1958) '*Economic Development*', Tata McGraw-Hill, NY
5. Ahluwalia and I.M.D. Little India's Economic Reforms Essays in Favour of Manmohan Singh
6. Higgins, Benjamin (1976) '*Principles of Economic Development*', Universal Book Stall, New Delhi
7. Meir, G.M. and Rauch, J.E. (2000) '*Leading Issues in Economic Development*', Oxford (7th edn.)
8. Jones, Hywel (1976) '*Introduction to Modern Theories of Economic Growth*', Mc Graw-Hill
9. Hagen, Everett (1975) '*The Economics of Development*' Ricahrd D. Irwin Increases Illinois
10. Gill, Richard T (1975) '*Economic Development: Past and Present*', Prentice Hall
11. Ghatak, S (2003) '*An Introduction to Development Economics*', Routledge (4th edn.)
12. Adelman, Irma (1961) '*Theories of Economic Growth and Development*', Stanford University Press
13. Todaro, M.P. (1993) '*Economic Development in the Third World*', Orient Logman (4th edn.)
14. Todaro, M.P. and Smith, S.C () '*Economic Development*', Pearson (4th edn)
15. Fortado (1964) '*Development and Underdevelopment*', University of California Press, Berkley
16. Sen, Amartya (1970) '*Growth Economics: Selected Reading*', Penguin Books
17. Stiglitz, Joseph E and Uzawa, Hirofumi (1969) '*Readings in the Modern Theory of Economic Growth*', The M.I.T. Press
18. Clark, Colin (1957) '*Conditions of Economic Progress*'
19. Chenery, Hollis B and Srinivasan, T.N (1988) '*Handbook of Development Economics*', Vol 1
20. Little, I.M.D (1982) '*Economic Development: Theory, Policy and International Relations*', Basic Books Inc

M.A. Economics
3rd Semester
Paper X - Fiscal Economics

Total Hrs. 90

Introduction

1. Market failure and rationale for government intervention (Public goods, externalities, increasing returns to Scale, Distribution, risk and uncertainty) - Fiscal functions.
2. Public goods provision and Public expenditure

Optimal provision of public goods (Samuelson solution and the Lindahl-Johanson solution) - Externalities and corrective devices - Natural monopolies and the problem of marginal cost pricing - The theory of second best - The role of government in income distribution - Equity efficiency trade off - Expenditure evaluation principles (decision rules, fundamentals of project evaluation, measurement of benefits and costs, discounting and cost of capital)

3. Theory of Taxation

Requirements of a good tax system - Approaches to taxation (the benefit principle and the ability to pay principles) - Tax shifting and incidence (the concept, measurement, partial and general equilibrium approaches) - Effects of tax on: work effort private sector savings, effect on investment, and growth - Excess burden and efficiency - Neutral Tax - Optimal taxation - The Laffer curve.

4. Fiscal policy - classical and modern concepts - Multiplier models in a closed and open economy, Inter dependence of fiscal and monetary policies
5. The theory of fiscal federalism:

The theory of local government expenditure - The theory of taxation in a federal system - Local governments and externalities - Revenue sharing and the theory of inter governmental grants.

6. Budgeting

Budget concept, components (revenue & capital, plan & non plan, developmental and non developmental) and budgetary process - Type of budgets - PPBS - Zero base budget

7. Indian Public Finances:

Indian tax system: Revenue of the Union, States and local bodies: Major taxes in India: base of taxes, direct and indirect taxes, taxation of agriculture, expenditure tax, reforms in direct and indirect taxes, taxes on services, Non-tax revenue of Centre, State and local bodies: Analysis of Central and State government budgets. Lack of flexibility in Central and State budgets. Trends in public expenditure and public debt; Fiscal crisis and fiscal sector reforms in India; Reports of Finance Commissions in India, Centre State financial relations.

References:

- Robin W Boadway, Public Sector Economics
- Due and Fridlaender, Government Finance
- PH Jackson and CV Brown, Public Sector Economics
- David Hyman, Economics of Government Activity
- Masgrave and Musgrave, Public Finance in Theory and Practice
- Richard A Musgrave, Theory of Public Finance
- Mankar, Public Finance in Theory and Practice
- RBI Bulletin

M.A. Economics
3rd Semester
Paper XI – Financial Economics

Hours 90

I. Financial System and Markets – Nature and role of Financial system – Indian financial system – Financial Reforms . Markets – Call Money, Treasury Bills, Discount markets, Financial Guarantees, government Securities, Industrial securities.

II. Money and Capital market Components of Money market, institutions and instruments – reforms. – Regulatory and Promotional Institutions- Central Bank, SEBI, NBFIs, UTI Objectives & functions). Primary Markets. Methods of raising Capital in the primary market SEBI guidelines. Secondary market and its operations. NSE, BSE, OTCEI -stock market indices.

III Investment Analysis – Analysis of fixed income Instruments, Valuation of equity shares, Technical Analysis. Portfolio management – Investment management framework. Markets for futures, options and other financial derivatives Valuation of derivatives. Derivatives in India.

IV. Foreign Capital. Foreign capital flows. International Financial Instruments- GDRs, FII's FDIs.

V. Financial Sector Reforms – Recommendations of various committees (1991-2008) including Raghuram C. Rajan Report , Financial growth and Financial Inclusion.

References

- L.M.Bhole, Financial Institutions and markets, TMH, 2007
Prassanna Chandra, Managing Investments, TMH, 1998.
Y.Khan, Indian Financial Systems, TMH. 2004
Reserve bank of India, Occasional papers.

BASIC ECONOMETRICS

Module I

Econometrics, origin and subject matter – functions of econometrics – econometric methodology – model specification stage – model estimation stage – model evaluation stage – properties of an econometric model

Module II

Single equation regression models - estimation of econometric models using OLS methodology – assumption underlying the method of OLS – (student should be familiar with the estimation and interpretation of regression equations) – statistical tests – standard error – student values – R^2 and adjusted R^2 – F ratio and ANOVA – properties of least square estimates – BLUE – Gauss Markov theorem

Module III

Extension of the two variable linear regression model – log linear model and estimation of elasticity – **log lin** model and measurement of growth rate – **lin log** model – choice of functional form – Multiple regression analysis – Three variable model – interpretation of multiple regression equation – meaning of partial regression coefficients – multiple coefficient of determination

Module IV

Econometric problems – multicollinearity – auto correlation- heteroscedasticity – reasons for these problems – methods of detection- consequences – important remedial measures

Module V

Dummy variable regression models – nature of dummy variables – models with one qualitative variable – estimation and interpretation – models with two qualitative variables – estimation and interpretation – regression with a mixture of quantitative and qualitative variables

Module VI

Auto regressive and distributed lag models – role of lag in economics – reasons – estimation of distributed lag models – ad hoc estimation models – adaptive expectation model – method of instrumental variables for estimating auto regressive models

Text Books

1. Damodar N Gujarati, Basic Econometrics, Tata McGraw Hill, 2005
2. A Koutsoyiannis, Theory of Econometrics, Palgrave, 2004
3. Dilip M Nachane, Econometrics: Theoretical Foundations and Empirical Perspectives, Oxford University Press, 2006
4. Greene W.H, Econometric Analysis, Prentice Hall, 1997
5. Johnston J, Econometric Methods, McGraw Hill, 1991