

Dr. R.M.L.Avadh University, Faizabad

M.A. (Final) Economics

[w.e.f 2010-11]

Scheme of examination will consist of Four compulsory papers and one optional paper each of **100 marks and of 3 hours duration. In addition to written papers there will also be a compulsory VIVA VOCE Test of 100 marks. The Scheme is so follow :**

A. Compulsory Papers :

- Paper I : Macro Economics Analysis
- Paper II : Public Economics
- Paper III : Economics of Growth and Development
- Paper IV : International Economics

B. Optional Paper : (Any one)

- Paper V : Demography
- Paper VI : Mathematical Economics
- Paper VII : Economics of Infrastructure
- Paper VIII : Dissertation (Only for Regular Students)

[Note : Dissertation only for those who secure 55% or above marks in M.A. (Prev.) Eco Exam.]

C. VIVA VOCE (Compulsory)

M.A. (Final) Eco.
Compulsory Paper
Paper I
Macro Economics Analysis

MM 100

Module – 1 National Income and Accounts :

Circular flow of income in two, three and four sector economy, Different form of national income accounting – social accounting, input-output accounting, flow of funds accounting and balance of payments accounting.

Module – 2 Consumption Function :

Keynes' psychological law of consumption – Implications of the law, Short-run and long-run consumption function, income—consumption relationship-Absolute income, relative income, life cycle and permanent income hypothesis.

Module – 3 Investment Function :

Marginal efficiency of investment and level of investment; Marginal efficiency of capital and investment – Long-run and Short-run; The acceleration and investment behavior – Impact of inflation; Influence of policy measure, on Investment – Empirical evidences.

Module 4 – Supply of Money :

R.B.I. approach to money supply; High powered money and money multiplier; Budget deficits and money supply; Money supply and open economy; Control of money supply.

Module 5 – Demand of Money :

Classical approach to demand for money – Quantity theory approach, Fisher's equation, Cambridge quantity theory, Keynes's liquidity preference approach, transaction, precautionary and speculative demand for money –aggregate demand for money; Derivation of LM Curve.

Module 6 – Post Keynesian Demand for Money

Post-Keynesian approaches to demand for money – Patinkin and the Real Balance Effect. Approaches of Baumol and Tobin; Freidman and the modern quantity theory; Crisis in Keynesian Economics, and the revival of monetarism.

Module – 7 : Theory of inflation :

Classical, Keynesian and Monetarist approaches to inflation; structuralist theory of inflation; Philips curve analysis – Short-run and long run Philips Curve; Policies to Control Inflation.

Module – 8 : Business Cycles :

Theories of Schumpeter, Kaldor, Sammelson and Hicks, Goodwin's model: Control of business cycles – Relative efficacy of monitoring and fiscal policies.

Basic Reading List

- 1 Ackley, G, Macroeconomics : Theory and Policy, Macmillan, New York.
- 2 Dornbasch, R. and F. Stanley Macroeconomic, McGraw Hill, Inc. New York.
- 3 Heajdra, B.J. and V.P. Fredricck, Foundations of Modern Macroeconomics, Oxford, New Delhi.
- 4 Jha, R., Contemporry, Macroeconomics Theory and Policy. Wiley eastern Ltd. New Delhi.
- 5 Keynes, J.M., The General Theory of Employment, Interest and Money MacMillan, London.
- 6 Palinkin, D. Money, Interest and Prices, Harper and Row, New York.
- 7 Hicks, J.R. A Contribution to the theory of Trade Cycles, Clarendon Press, Oxford.

M.A. (Final) Eco. Compulsory Paper

Paper II

Public Economics

MM 100

Module – 1 : Introduction :

Role of Government in organized society; Changing perspective Governing in a mixed economy; Public and private sector, co-operation or competition; Government as an agent for economic planning and development.

Module – 2 : Public Expenditure :

Wagner's law of increasing state activities; Wiesman – Peacock hypothesis; Pure theory of public expenditure; Structure and growth of public expenditure; criteria for public investment; Social cost benefit analysis – Project evaluation, Estimation of costs, discount rate; Reforms in expenditure budgeting; Programme budgeting and zero base budgeting.

Module – 3 : Taxation :

Theory of incidence: Alternative concepts of incidence – Allocative and equity aspects of individual taxes; Benefit and ability to pay approaches. Theory of optional taxation; Excess burden of taxes; Trade off between equity and efficiency; Theory of measurement of dead weight losses; The problem of double taxation.

Module – 4 : Public Debt :

Classical view of public debt; Compensator aspect of debt policy; Burden of public debt; Sources of public debt; Debt through created money; Public borrowings and price level; Crowding out of private, investment and activity; Principles of debt management and repayment.

Module – 5 : Fiscal Policy :

Objectives of fiscal policy – Full employment, anti-inflation, economic growth, redistribution of income and wealth. Interdependence of fiscal and monetaring policies; Budgetary deficits and its implications; Fiscal policy for stabilization – automatic vs. discretionary stabilizations; Alternative measures of resource mobilization and their impact on growth, distribution and prices; Balanced budget multiplier.

Module – 6 : 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; Shrinking size of development finance through budgets; Trends in public expenditure and Public debt. Fiscal crisis and fiscal sectors reforms in India; Report of Finance Commissions in India.

Basic Reading List

1. Buchanan, J.M., The public Finance, Riohard D. Irwing, Hornewood
2. Goode, R. Government Finance in Developing Countries, Tata Mcgraw Hill, New Delhi.
3. Jha, R., Modern Public Economics, London.
4. Musgrave, R.A. and P.B. Musgrave, Public Finance in Theory and Practice, McGraw Hill, Tokyo.
5. Shome, P. (Ed.), Tax Policy: Hand book, Tax Division Fiscal Affairs, Department, International Monetary Fund, Washington D.C.
6. Chelliah, Raja, J, Fiscal Policy in Under Developed Countries, George Allen and Unwin, London.
7. Government of India, Long Term Fiscal Policy.
8. Bhargava, R.N., Theory and Working of Union Finance in India, Chaitanya Pub. House, Allahabad
9. Chelliah, Raja, J Et.al, Trends and Issues in India's Federal Finance, National Institute of Public Finance and Policy, N Delhi.
10. Bhargava, P.K., Centre State Resources Transfers in India, The Academic Press, Gurgaon.
11. Bharagava, P.K. India's Fiscal Crisis, Ashish Publishing House, New Delhi.
12. Reports of various Finance Commissions.
13. Jain, I. Resource Mobilization and Fiscal Policy in India, Deep & Deep Publications, Delhi.
14. Mundle, S, Public Finance Policy; Issues for India, Oxford, New Delhi.

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Paper III

Economics of Growth and Development

MM 100

Module – 1 : Economic Growth :

Economics growth and development – Factors affecting economic growth : Capital, labour and technology; Growth models – Harrod & Domar, Instability of equilibrium; Neo-classical growth models – Solow – Mead. Mrs. Joan Robinson's growth model.

Module – 2 : Social and Institutional Aspects of Development :

Development and Under development – Perpetuations of under development; Poverty – Absolute and relative; Measuring development and development gap – Per capital income, Inequalities of income. Human development index and other indices of development and quality of life.

Module – 3 : Theories of Development :

Classical theory of development – Contributions of Adam Smith, David Ricardo, Malthus and James Mill, Karl Marx and development of capitalistic economy – Theory of social change, surplus value and profits; Immutable basis of capitalist development; Crisis in capitalism – Schumpeter and capitalistic development; innovation – role of credit, profit and degeneration of capitalism.

Module – 4 : Approaches to Development

Partial Theories of growth and development – Vicious circle of poverty, Circular causation, Unlimited supply of labour, Big push, Balanced growth Unbalanced growth, Critical minimum effort thesis. Low-income equilibrium trap,

Module – 5 : Trade and Economic Development International Trade :

As engine of growth; Static and Dynamic gains from trade; Prebisch, Singer and Myrdal Thesis vs, free trade; export led growth; Dual gap Analysis; Balances of payments, Tariffs and effective protection; Post - GATT international economic order; WTO and developing countries.

Module – 6 : Macroeconomic Policies and Development :

Role of monitoring and fiscal policies in developing countries – Prior saving, inflation and growth – Empirical evidence; External resources – FDI, aid vs. trade, technology inflow, MNC activity in developing countries, Borrowings – Domestic and external, Burden of borrowing – IMF and World Bank policies in developing countries.

Basic Reading List

1. Adelman. I., "Theories of Economic Growth and Development", Stanford University Press Stanford
2. Higsyn. B., "Economic Development", W.W. Norton New York.
3. Kindleberger, C.P. "Economic Development" Macgraw Hill, New York.
4. Meier, G.M. "Leading Issues in Economic Development" Oxford University Press, New Delhi.
5. Todaro, M.P., "Economic Development" Longman, London.
6. Thirwal. A.P. "Growth and Development" Mac Millon, U.K
7. Brahmananda. D.R. and C.N. Vakil, "Planning for an Expanding Economy", Vora and Co. Bombay.
8. Mehrotra, S. and J. Richard, "Development with a Human Face", Oxford University Press, New Delhi.
9. Thirwal, A.P., "Inflation, Saving and Growth in Developing Economic" Mac Millan, London

M.A. (Final) Eco. Compulsory Paper

Paper IV

International Economics

MM 100

Module – 1 : Theory of International Trade :

The pure theory of International trade – Theories of absolute cost advantage, comparative cost advantage and opportunity cost. Modern theory of international trade; Theorem of factor equalization; Empirical testing of theory of absolute cost and comparative cost – Heckscher Ohlin Theory of Trade.

Module – 2 : Measurement of Gain and Theory of Interventions :

Measurement of gains from trade and their distribution; Concepts of terms of trade, their uses and limitations. Hypothesis of secular deterioration of terms of trade. Its empirical relevance Policy implication of terms of trade, for less developed countries; Trade as an engine of economic growth; The theory of interventions (Tariffs, Quota, and non-tariff barriers); Economic effects of tariffs and quotas on national income, output, employment, term of trade, income-distribution; Balance of payments and trading partners both in partial and general equilibrium analysis. The political economy of non-tariff barriers and their implications; nominal, effective and optimum rates of tariffs – Their measurement, impact and welfare implications; Trade under imperfecting competitive market.

Module – 3 : Balance of Payments :

Meaning and components of balance of payments Equilibrium and disequilibrium in the balance of payments. The process of adjustment under systems of gold standard, fixed exchange rates and flexible exchange rates; Relative merits and demerits of fixed and flexible exchange rates in the context of growth and development in developing countries.

Module – 4 : The Theory of Regional Blocks :

Static and Dynamic effects of a Customs Union and Free Trade Areas; Rational and economic progress of SAARC/SAPTA and ASEAN regions. Problems and prospects of forming a customs union in the Asian region, Regionalism (EU, NAFTA); Multilateralism and WTO Rise and fall of gold standard and Bretton-Woods System; Need adequacy and determinants of international reserve; Conditionality clause of I.M.F., International Trade and financial institutions- Functions of GATT/WTO (TRIPS, TRIMS) UNCTAD, IMF, WORLD BANK and Asian Development Bank- Their achievements and failure, WTO and World Bank from the point of view of India.

Module – 5 : Trade Policies in India :

Trade Problems and trade policies in India during the last five decades; Recent changes in the direction and composition of trade and their implications; Rational and trade reforms since 1991 on balance of payment, employment and growth. Working and regulations of MNCs in India. Instruments of export promotion and recent import and export policies and agenda for future.

Basic Reading List

1. Dunn, R.M. and J.H. Mutti, International Economics, London
2. Kenin, P.B., The International Economy, Cambridge University Press, London
3. Kindlibrger, C.P., International Economics.
4. Salvatore, D, International Economics, Prentice Hall, New Delhi.
5. Soderston, Bo, International Economics, The Macmillon, London
6. Goldstein, M., The Asian Financial Crisis: Causes, Curve and Systematic Implication, Institution for International Economics, Washington, D.C.
7. Satyanarayan, B. India's Trade with Asia and the Far East Countries; B.R. Publishing Corporation, New Delhi
8. Verma, M.L., International Trade, Vikas Publishing Hosue (Pvt.) Ltd., N. Delhi.
9. अन्तर्राष्ट्रीय अर्थशास्त्र, राणा एवं वर्मा, विशाल पब्लिशिंग, जालंधर

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Optional Paper
Paper V
Demography

MM 100

Module – 1 : Population and Development :

Meaning and scope of Demographic; Components of population growth and their inter-dependence. Measure of population change; structure, distribution and sources of population data. Theories of population – Malthus, Optimum Theory of population, theory of demographic transition.

Module – 2 : Structure of Population

Trends in the twentieth century population explosion – Threatened or real, distant or imminent; International aspects of population growth and distribution.

Module – 3 : Fertility, Nuptially and Mortality

Importance of study of fertility – Total fertility rate, Gross reproduction rate and net reproduction rate levels and trends of fertility in more and less developed countries; Factors affecting fertility – Socio-economic factors, Economics status, health education, race, nutrition caste, religion, region rural – urban and status of husband and wife; Nuptially – Concept and analysis of marital status, Single mean age of marriage, synthetic control methods; Trends in age of marriage; Mortality rate; levels and trends in more and less developed countries. Sex and age pattern of mortality; factor for decline in mortality is recent past; life table – construction and uses; concepts of stable population Methods of population projection.

Module – 4 : Migration & Urbanization

Concepts & Types, Temporary, internal and international; International Migration – Its effect on population growth and pattern, factors affecting migration, Theories of migration related to internal migration urbanization – Growth and distribution of rural – urban population in developed & developing countries.

Module – 5 : Demographic Data Base in India

Study of census in India – Methodology and characteristics of census; Nature of information collected in 1991 and 2001 census in India; National Family Health Survey 1 and 2 and rapid household survey; changing characteristics of population in India, Population growth rash, trends and regional variations in sex ratio; Age structure of populations, factors, infant and child mortality rates; Material mortality rates; Life expectancy, pattern of migration and liberalization in India.

Basic Reading List

1. Bose, A India's Basic Demographic Statistics, B.R. Publication Corporation, New Delhi.
2. Choubey, P.K. Population Policy in India, Kanishka Publication, New Delhi.
3. Srinivasan, K. and A. Shariff India : Towards Population and Demographic goals, Oxford University Press, New Delhi.
4. Srinivasan, K. Basic Demographic Technique and applications, Sage, New Delhi.
5. Agnihotri, S.B. Sex Ratio in India Population : A fresh exploration, sage new delhi
6. Krishna, M, R.M., Sudarshan and A. Shariff Gender Population and Development, Oxford Universit Press New Delhi.
7. Mishra, S. Voluntary Action in Health and Population : The Dynamics of social Transition, Ag, New Delhi.
8. Mitra, A. Implication of Declining Sex Ration in India's Population : Allied, New Delhi.

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Optional Paper

Paper VI

Mathematical Economics

MM 100

Module – 1 : Theory of Consumer's Behaviour :

Cardinal and ordinal Utility, Ordinary Utility Maximization; Slutsky equation, compensated demand functions, Income, substitution and price-effect; Constant elasticity of substitution (CES) and transcendental to logarithmic utility functions; Indirect utility functions, duality theorem Consumer's surplus; Theory of revealed preference and index numbers.

Module – 2 : Theory of Production :

Production function – Homogeneous and non-homogeneous Properties of Cobb Douglas Production function; simple derivation of short and long run cost functions, Technical progress through production functions; Production possibility curve.

Module – 3 : Price Determination in Various Markets :

Price determination in perfect competition, monopoly, monopolistic competition, duopoly, oligopoly and monopsony, Pricing of factors of production; Bilateral monopoly

Module – 4 : Growth Models :

Harrod problem; Neo classical model of growth, Solow and Mead growth models with technical progress; Optimal growth and golden rule of accumulation; Turn pike theorem; Endogenous growth.

Module – 5 : Game Theory and Linear Programming and Input-Output Analysis :

Concept of game – Two person Zero – sum game, pay-off matrix pure and mixed strategies. Maximin and Minimax solution Saddle point Solution; Non-constant sum game: Prisoner's dilemma; Linear programming – Primal and dual problem, Simplex method; Transport and storage problems and other applications of linear programming in economics; Input-Output analysis-Open and closed systems, Hawkins- Simon conditions, Leontief's dynamic system.

Basic Reading List

1. Allen, R.G.O., Mathematical Economics, Macmillan, London
2. Arrow, J.J. and M. Intriligator (edn.) Handbook of Mathematical Economics, Holland.
3. Henderson, J.M. and R.E. Quandt, Micro-economics Theory : A Mathematical Approach, McGraw Hill, New Delhi
4. Chiang, A.C., Fundamental Methods of Mathematical Economics, McGraw Hill, New York.
5. Kothari, C.R., An Introduction to Operational Research, Vikas Publishing House, N. Delhi.

M.A. (Final) Eco.
Optional Paper
Paper VII
Economics of Infrastructure

MM 100

Module – 1 : Introduction

Infrastructure and economic development – infrastructure as a public good; Social and physical Infrastructure; Special characteristics of public utilities.

Module – 2 : Transport Economics

The structure of transport costs and location of economic activities. Demand for transport modules of Freight and passenger, Demand Model, choice; Cost Functions in the transport sector. Principle of pricing. Special problems of Individuals modes of transport; Internodal condition in the Indian Situation.

Module – 3 : Communications

Rate-making in telephone utility. Principles of decreasing costs in telephone industry. Characteristics of postal services. Criteria for Fixation of postal rates. Measurement of Standards of Service in Telephone and postal utilities.

Module – 4 : Energy Economics

Primary of Energy in the process of economics Development. Factors Determing Demand for Energy; Effects of energy Shortages. Energy conservation. Renewabe and Non-Conventional Source of Energy. Energy Modelling. The search for an optimal Energy policy in the Indian Context.

Module – 5 : Electricity Gas and Water Supply

Bulk Supply and Pricing of Electricity. The Relative Economics of Thermal, Hydle and Nuclear Power Plants. The case for a National Power Grid. Financing Power Utilities. Urban and Rural Water Supply The Exploitation of Nature Gas, Pricing Problem.

Module – 6 : Social Infrastructure

Organization and Financing of supply of Social Services, Private vs. Public Sector Financing; Rent debate about the Fixation of prices of social services. Development of Social Services in the successive Indian Plans.

Module – 7 : Education and Health

Education and Economic Growth. Approaches to Educational Planning. Social Demand Rate of Return and manpower Balance Approaches. The case for Universal, Free, Primary Education Structure of higher education and problems o its financing in india. Human Resources and Human Capital development. Health Dimensions of development. Determinants of Health – Poverty. Malnutrition, illiteracy and lack of Information; Economic Dimensions of Health care. Financing of health care, Inequalities in Health.

Basic Reading List

1. Crew, M.W. and P.R. Kleindasfer, Public Utility Economics, Macmillan , London
2. Indian Council of Social Sciences Research (ICSSR) Economics of Infrastructure, Vol. VI New Delhi
3. National Council of Applied Economics Research (NCAER) Indian Infrastructure Report : Policy Implications for Growth and welfare, New Delhi.
4. Jha, R.M.N. Murly and S.Paul, On Fixing Prices for postal Services in India, National Institute of Public finance and policy, N. Delhi.
5. Pachauri, R.K. (Ed.) Energy policy in India Macmillan, New Delhi.
6. Parikh, J. R.K. (Ed.) Energy Models for 2000 and Beyond Tata Macgraw – Hill New Delhi.
7. Padmanabhan, C.B. Financial management in Education, Select Books New Delhi.
8. Panchamukhi P.R. Economics of Health: A Trend Report in ICSSR, A Study of Research in Economics,

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Optional Paper
Paper VIII
Dissertation
(Only for Regular Students)

MM 100

The purpose of this paper is to prepare the student for Research work in the field of Economics. The student will be asked to prepare and submit a detailed project on a topic assigned by the teachers of the Economics Department of the College from where the student is appearing for the examination. The student will have to conduct the Fieldwork, Survey etc for data collection. The Tabulation and Presentation of data and use of statistical techniques for Analysis of data and thus will be done to arrive at the Conclusions and Recommendations.

The student will submit the project report at the examination Centre on the date specified in the Examination Schedule.

External Examiner will carry out the evaluation.