

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, Samuelson 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., Contemporary, 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. Chellaih, 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 Moblization and Fiscal Policy in Indra, Deep & Deep Publications, Delhi.
14. Mundle, S, Public Finance Policy; Issues for India, Oxford, New Delhi.

