

## ECONOMICS

### PAPER - II

#### 1. Micro-economic Analysis

Demand analysis – Marshallian, Hicksian and Revealed preference approaches  
 Theory of Production and Costs  
 Pricing and output under different forms of market structure  
 Factor Pricing analysis  
 Elements of general equilibrium and new welfare economics

#### 2. Macro-economic Analysis

Determination of output and employment–Classical approach. Keynesian approach, Consumption hypotheses  
 Demand for Money–Fisher and Cambridge versions.  
 Approaches of Keynesian, Friedman, Patinkin, Baumol and Tobin  
 Supply of Money, Determinants of money supply, High-powered money, Money multiplier  
 Phillips curve analysis  
 Business cycles–Models of Samuelson, Hicks and Kaldor  
 Macro-economic Equilibrium–Relative roles of monetary and fiscal policies.

#### 3. Development and Planning

Economic Growth. Economic Development and sustainable Development–Importance of institutions–Government and markets–Perpetuation of underdevelopment–Vicious circle of poverty, circular causation, structural view of under-development–Measurement of development conventional, HDI and

quality of life indices.

Theories of Development–Classical, Marx and Schumpeter : Economic Growth–Harrod–Domar model, instability of equilibrium, Neoclassical growth–Solow’s model, steady state growth. Approaches to development : Balanced growth, critical minimum effort, big push, unlimited supply of labour, unbalanced growth, low income equilibrium trap

Indicators and measurement of poverty.

Importance of agriculture and industry in economic development–choice of techniques and appropriate technology–Investment criteria–Elementary idea of cost–benefit analysis

Trade and Aid–International trade as ‘engine of growth’–Globalization and LDC’s

Objectives and role of monetary and fiscal policies in economic development Techniques of planning; Plan models in India; planning in a market-oriented economy

#### 4. Public Finance

Role of the Government in Economic activity–Allocation, distribution and stabilization function; Private, Public and Merit goods

The public Budgets–Kinds of Budgets, Zero-base budgeting, different concepts of budget deficits; Budgets of the Union Government of India

Public expenditure–hypotheses; effects and evaluation  
 Public Revenue–Different approaches to the division of tax burden, incidence and effects of taxation; elasticity and buoyancy; taxable capacity.

Public Debt – Sources, effects, burden and its management  
 Fiscal Federalism – Theory and problems; Problems of Centre – State Financial relation in India.

Fiscal Policy – Neutral and compensatory and functional finance; balanced budget multiplier

**5. International Economics**

Theories of International Trade ; Empirical verification and Relevance  
 International Trade under Imperfect competition  
 Terms of Trade and Economic Growth – Secular  
 Deterioration of Terms of Trade Hypothesis – a critical review  
 Equilibrium/disequilibrium in balance of payment – Traditional, Absorption and Monetary approaches for adjustment in the Balance of Payment, Foreign Trade multiplier  
 Impact of Tariffs, partial and general equilibrium analysis; Political economy of Non – Tariff Barriers  
 Theory of regionalism at Global level – Collapse of Bretton – Wood System – Recent Monetary reforms  
 Trade Policy and Reforms in India

**6. Indian Economy**

Basic Economic indicators – national income, performance of different sectors  
 Trends in prices and money supply  
 Agriculture – Institutional and technological aspects, new agricultural policy  
 Industry – New industrial policy and liberalization  
 Money and banking – Concepts of money supply, inflation, monetary policy and financial sector reforms  
 Public finance – Trends in revenue and expenditures of the Central and State Governments, Public debt; analysis of the Union Budget  
 Foreign trade – Trends, Balance of payments and trade reforms Poverty, unemployment, migration and environment

**7. Statistical Methods**

Measures of Central tendency, dispersion, skewness and kurtosis  
 Elementary theory of probability – Binomial Poisson and

Normal distributions  
 Simple correlation and regression analysis  
 Statistical inferences – Applications, sampling distributions (t,  $y^2$  and F tests), sampling of attributes, testing of Hypothesis  
 Index numbers and time series analysis  
 Sampling and census methods, types of sampling and errors

**PAPER - III (A)**  
**(CORE GROUP)**

**Unit - I**

Theory of Demand - Axiomatic approach, Demand functions, Consumer behavior under conditions of uncertainty  
 Theory of production  
 Collusive and non-collusive oligopolies  
 Different models of objectives of the firm - Baumol, Morris and Williamson  
 Factor pricing  
 General equilibrium and Welfare Economics

**Unit - II**

Keynesian and post Keynesian approaches to theory of output and employment : concept of investment multiplier; consumption hypotheses  
 Theories of investment and accelerator  
 Theories of demand for money - Keynesian and post - Keynesian  
 Different approaches to money supply; money supply; components and determinants; money multiplier  
 Output - price determination (aggregate supply and aggregate demand curve analysis)  
 Fleming - Mundell open economy model

**Unit - III**

Development and Growth - Role of institutions  
 Theories of growth and development - Models of growth

of Joan Robinson and Kaldor; Technical Progress - Hicks, Harrod and learning by doing, production function approach to the determinates of growth : Endogenous growth : role of education, research and knowledge - explanation of cross country differentials in economics development and growth.

Theories of development - Classical, Marx, Schumpeter and structure analysis of development - Imperfect market paradigm, Lewis model of development, Ranis-Fei model, Dependency theory of development

Factors in economy development-natural resources, population, capital, Human Resource Development and infrastructure.

Trade and development - trade as engine of growth, two - gap analysis, Prebisch, Singer and Myrdal views; gains from trade and LDCs

#### **Unit - IV**

Theories of taxation, types, incidence and effects

Theories of public expenditure - effects on savings, investment and growth

Burden of public debt

Union Finance - Trends in Revenue and Expenditure of the Government of India

State finance - Trends in revenue and Expenditure of the State Governments

Public Debt - India's Public debt since 1951 - growth composition, ownership pattern and debt management

Union - State Financial Relations - Horizontal and vertical imbalances: the finance Commissions

Fiscal Policy and Fiscal Reforms in India

#### **Unit - V**

'Monetary approach' and adjustment in the balance of payments Regional blocs - multilateralism and world trading system

The Political Economy of imposition of non-tariff barriers International trade under conditions of imperfect

competition in goods market

Theory of international reserves

Optimum Currency Areas - Theory and impact in the developed and developing countries

WTO and its impact on the different sectors of the economy

#### **Unit - VI**

Components of money supply

Role, constituents and functions of money and capital markets

RBI - recent monetary and credit policies

Commercial banks and cooperative banks

Specialized financial and investment institutions

Non-Bank financial institutions and regional Rural Banks

#### **Unit - VII**

Industrial structure and economic growth

Pattern of industrialization - Public and Private; large and small industries

Theories of Industrial location - Indian experience

Industrial productivity - measurement, partial and total trends

Industrial Finance in India

Industrial labour - Problems, policies and reforms in India

Economic Reforms and industrial growth

#### **Unit - VIII**

Population and Economic development - interrelation between population, development and environment, sustainable development

Malthusian theory of population, Optimum theory of population theory of demographic transition, population as 'Limits to Growth and as 'Ultimate Source'

Concepts of Demography - Vital rates, Life tables, composition and uses, Measurement of fertility - Total fertility rate, gross and net reproduction rate - Age pyramids, population projection stable, stationary and

quest - stationary population : characteristics of Indian population through recent census  
 Poverty in India - Absolute and relative : analysis of poverty in India  
 Environment as necessity - amenity and public good : causes of environmental and ecosystem degeneration - policies for controlling pollution - economic and persuasive : their relative effectiveness in LDCs: Relation between population, poverty and environmental degradation - micro planning for environment and eco-preservation-water sheds, joint forest management and self-help groups  
 Role of State in environment preservation - Review of environmental legislation in India

**Unit - IX**

Role of Agriculture in Indian Economy - Share of Agriculture, interrelationship between agriculture and industry  
 Institutional aspects - Land reforms, Green revolution  
 Technological aspects - Agricultural inputs and shift in production function  
 Capital formation in the rural sector-Savings, assets and credits  
 Strategies for rural development  
 Regional disparities in Indian agriculture  
 Cooperative movement in India - Organization, structure and development of different types of cooperatives in India

**Unit - X**

Application of Differential and Integral Calculus in theories of consumer behavior, Production and pricing under different market conditions  
 Input-output analysis and linear programming  
 Application of Correlation and Regression  
 Testing of Hypothesis in Regression Analysis

**PAPER - III**  
**(Elective/Optional)**

**Elective - I***Single Equation Linear Model :*

Assumption and properties of OLS  
 Multiple Regression Model - estimation and Interpretation  
 Multi-collinearity-Auto-correlation and heteroscedasticity - Causes, detection, consequences and remedy  
 Dummy variables, distributed lags - Need, limitations and interpretation  
 Application in Economics

*Simultaneous Equation models :*

Structural and reduced forms  
 Endogenous and exogenous variables  
 Identification problems and conditions  
 Single equation methods of estimations - TSLS, indirect least squares and least variance ration  
 Techniques of Forecasting  
 ARMA, ARIMA  
 Econometric properties of time series, Unit root, integrated series, random walk and white noise

**Elective - II**

Theory of Consumer Behavior and Theory of Firms  
 Theory of Pricing - Monopoly, Monopolistic competition, Duopoly and Oligopoly  
 Theory of Games - Two person, Zero-sum Game, Pure and Mixed strategy, saddle point solution, Linear programming and input and output analysis  
 Static and Dynamic Multiplier and Accelerator, Samuelson Hicks trade cycle model. Growth Models - Harrod and Domar, Neoclassical Models - Solow, Meade, Kaldor's Model with technological progress, endogenous growth models

Employment and output determination with fixed and fixable prices (IS-LM, Aggregate demand and aggregate supply analysis)

**Elective - III**

The Rise and fall of Bretton - Wood and emerging International Monetary System  
World Trading System - Evolution and distortions  
Globalization - Developments in Exchange Markets, Euro-Currency Markets, and International Bond Markets, International Debt crisis  
Theory of Foreign Exchange Markets - Exchange Trading, Arbitrage and market Hedging

**Elective - IV**

Growth and Productivity trends in Indian Agriculture  
Development of distributive institutions - Costs and price policies  
Agricultural marketing and credit  
Trends in migration and labour markets. Minimum Wages Act  
WTO and sustainable agricultural development  
Reforms in Indian agriculture

**Elective - V**

Planning and Economic Development  
Cost, Prices, WTO and Indian Agriculture  
Globalization, Liberalization and the Indian Industrial Sector  
Infrastructure and Economic Development  
Social Sector, Poverty and Reforms in India  
Women, Environment and Economic Development  
Trade Reforms and Liberalization  
Financial sector reforms  
Fiscal policy and fiscal reforms

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