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
   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, y² and F tests), sampling of attributes, testing of Hypothesis
   Index numbers and time series analysis
   Sampling and census methods, types of sampling and errors

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**PAPER - III (A)**

**(CORE GROUP)**

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**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

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 Forcasting
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 Dyynamic 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
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