

UNIVERSITY OF KERALA

SCHEME AND SYLLABUS FOR THE M.A. DEGREE COURSE IN
"ANALYTICAL ECONOMICS" (Alternative Scheme)

Effective from 1992-'93 Admissions

The Subjects of Study are classified into

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|------------------------------|-------|--------|
| 1. Compulsory/Core Papers | | 6 Nos. |
| 2. Optional Papers | | 2 Nos. |
| 3. Project Work/Dissertation | | 1 |

Compulsory/Core Papers

1. ECONOMIC THEORY - I
2. ECONOMIC THEORY - II
3. ECONOMIC HISTORY
4. DEVELOPMENT ECONOMICS
5. INDIAN ECONOMY
6. QUANTITATIVE METHODS

Optional Papers

Two papers shall be chosen from the following list.
To start with details are given only for 6 papers.

1. MONEY AND BANKING
2. PUBLIC ECONOMICS
3. INDUSTRIAL ECONOMICS
4. AGRICULTURAL ECONOMICS
5. LABOUR ECONOMICS
6. INTERNATIONAL ECONOMICS
7. ENVIRONMENTAL ECONOMICS
8. WELFARE ECONOMICS
9. HISTORY OF ECONOMIC THOUGHT
10. ECONOMICS OF INFRASTRUCTURE
11. KERALA ECONOMY
12. HEALTH ECONOMICS
13. ECONOMETRIC METHODS AND APPLICATIONS.

The Syllabus of each paper is broadly based on the U.G.C Report of the curriculum development centre in Economics 1989 and is arranged in modular form. Starting with a preamble which spells out the objectives of the Paper, the syllabus is composed of a number of modules. The lecture/teaching hours to be devoted to each module is given in brackets. Each paper is to be covered in 105 teaching hours. The preamble identifies the inter-connections that exist between the modules and the relative importance of each of the modules. These preambles should not be viewed as mere prelude to the paper but more importantly as a guide to the instructor as to the manner in which the paper could best be taught.

A systematic module-wise reading list is also provided. Each reference has been clearly chosen to meet the requirements of the modules that have been designed. In view of the paucity of funds to purchase books, the number of books in the list is kept to the minimum, but care has been taken to see that they cover the maximum of topics in the module. To this extent, therefore, the same books has been repeated as a reference across several modules.

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The competence of the teachers and their motivation levels are vital if the new curriculum has to be properly implemented. In the light of the guidelines of the U.G.C. calling for a shift in emphasis from teaching to learning, class room lectures need to be supplemented by tutorials, field visits, seminars, workshops etc. In addition the educational infrastructure like library facilities, modern computing facilities and teaching aids like overhead projectors need to be strengthened. For an overall reform in the higher education system and to make it a continuous learning process internal evaluation, field work, practical exercises, project work etc. are to be used.

In the present syllabus besides the 6 compulsory papers and 2 optional papers, the students shall prepare a Project Report or a Dissertation which would involve some field work on socially relevant problems. Those who do not offer the Project Report/Dissertation, shall offer an additional optional paper. At the end of the Examination the students shall appear for a Viva-Voce.

Scheme of Examination:-

There shall be M.A.(Previous) and M.A.(Final) examinations at the end of the First and Second Year of the Course respectively.

M.A Previous Examination

- Paper I Economic Theory I
- " III Economic History
- " IV Development Economics

M.A Final Examination

- Paper II Economic Theory II
- V Indian Economy
- VI Quantitative Methods
- VII Optional Paper I
- VIII Optional Paper II
- IX Project Report/Dissertation

OR

Additional Optional Paper
Viva-Voce

Two copies of the Project Report/Dissertation duly certified by the Supervising Teacher and countersigned by the Head of the Department where the course is held shall be submitted to the University for evaluation at least 15 days before the commencement of written examinations in the Final Year. Those who are not offering Project Report/Dissertation, shall opt to offer an additional optional paper.

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The papers shall carry 150 marks each. The project Report/Dissertation or in lieu of that the additional optional paper shall also carry 150 marks. Viva-Voce shall have 50 marks. All papers will be of 3 hours duration. Total marks shall be 1400.

For each paper there shall be a pass minimum of 35 per cent and for the Project Report/Dissertation or of the additional optional paper and the Viva the pass minimum shall be of 40 percent each. The pass minimum in the aggregate shall be 40 per cent (that is 560/1400).

The pattern of question papers ~~xx~~ shall be as follows;

Part I shall consist of objective type questions, part-II short essays and Part III long essays. The distribution of marks shall be as follows.

Part I	25 objective type questions each carrying 1 mark	(25x1)	=	25
Part II	5 out of 8 questions each carrying 10 marks	(5x10)	=	50
Part III	3 out of 5 questions, each carrying 25 marks	(3x25)	=	75
Total marks			:	150

The Project Report/Dissertation shall be not less than 100 typed (double spaced) pages in standard thesis format showing evidence of the ability of the candidate to collect relevant material, analyse it using tools of research methodology and to present a critical assessment of the problem. Two copies of the Project Report/Dissertation duly certified by the Supervising Teacher and countersigned by the Head of the Department where the course is held shall be submitted to the University at least 15 days before the commencement of the written examination in the Final year.

Compulsory/Core Paper I-Economic Theory - I

The main objective of this paper is to train the students in a fairly rigorous manner in economic theory. Such a training is absolutely imperative if the student is to grasp the essential interconnections that underlie most of observed economic behaviour. The theme of this paper will be to ground the student in the so called "microfoundations of macro economics", emphasising in no uncertain manner the micro foundations as well as the macro structure. The tone of papers Economic Theory - I and II, viewed in totality, will be stress that both micro economics as well as macro economics, are complementary to each other, and that they provide powerful "externalities" in understanding one another.

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Module I is concerned with the basic concepts that underlie micro economic theory. Modules II and III deal with the theories of demand and production respectively. Market structures are dealt with in Module IV. Theories of pricing and distribution are taken up in Modules V and VI respectively. The classical theories of value discussed in Module VII provide the necessary historical back drop for understanding current developments in this area. The entire controversy surrounding capital theory is dealt with in Module VIII. The mathematically sophisticated concept of general equilibrium is discussed in Module IX, Module X discusses welfare economics.

Module I Basic Concepts(8)

Value judgements in Economics - Role and significance of assumptions in economic analysis - Economic Models - role of time in various models - The Concepts of Equilibrium Anti-equilibrium- The use of data and empirical estimates of models - The conditional nature of statistical testing.

Module II - Theory of Demand(12)

Consumer Preferences - Demand Curves - Utility analysis of demand - The cardinal utility theory - The indifference curves theory - violation of premises about indifference curve: satiation and lexicographical orderings - Income and substitution Effects : The Slutsky Theorem - Compensated demand curves - Revealed Preference Theory - Indirect Utility functions Duality Theory - Dual properties of utility and expenditure functions - Recent developments in the theory of market demand - A pragmatic approach to demand analysis and Linear Expenditure Systems (LES).

Module III - Theory of Production (10)

The Concept of production - Laws of production - Laws of Returns to scale - Law of variable proportions - Internal and external economies - The production function - Its form and underlying assumptions - Classification of inputs - Substitution between inputs - Elasticity of substitution - The Cobb-Duglas Production function - The C.E.S Production function --The fixed coefficients production function - Technical Progress and production function - Disembodied and embodied technical progress -, Equilibrium of the firm - choice of optimal combination of inputs - Single decision of the firm.

Choice of optimal expansion path - derivation of cost functions from production functions - The production function of a multi-product firm - the Production possibility curve of the firm - ~~the~~ the iso-revenue curve of the multi-product firm-Equilibrium of the multi product firm.

Module IV - Market structures (15)

Perfect competition: Short run and long run equilibrium of the firm and industry - Market demand and industry equilibrium-Monopoly : Demand and revenue - costs - Short run and long run equilibrium of the monopolist - Bilateral Monopoly Monopolistic competition: Assumptions - Costs - Product differentiation and demand curve - concepts of

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"industry" and ~~group~~ "group" equilibrium of the firm - non-price competition - Non-Collusive duopoly: duopoly models of Cournot, Bertrand and Stackelberg - Chamberlin's oligopoly model, "the Kinked demand" curved model - Collusive Oligopoly Price leadership models - The models of the low-cost and dominant firm-price leader - Barometric price leadership --concept ~~dynamic models~~ of joint profit maximization hypothesis - Static and dynamic models - Maximum rate of growth and profits hypothesis of Marjris - The managerial discretion model of Williamson - The behavioural model of Cyert and March - Goals of the firm - Satisfying behaviour - Concept of workable competition.

Module V - Theories of Pricing (10)

The basic assumptions of the neo-classical theory of pricing. - The Hall and Hitch report and the "Full cost" pricing principle - The attack on marginalism - Price determination - The markup rule - Predictions and critique of Average cost pricing - Bagin's limit - pricing theory - Models of Sylos-Labini and Franco Modigliani - Baumol's Theory of Contestable Markets - Price discrimination - Public Sector pricing - Marginal cost pricing and its applicability to public utilities.

Module VI - Distribution (10)

Classical approach: Richardo's theory and distribution Marxian Theory of distribution - "Degree of Monopoly" theory of Kalecki -- Neo-Keynesian model of Kalder - The modified model of Pasinetti - The widow's cruse models of Joan Robinson and Kalecki - Technical progress and distribution - Neo-classical approach: Marginal productivity theory - factor prices and factor shares - The "adding up" problem - Euler's Theorem -- Relations between capital per head, real wage rate and the rate of profit - Technical progress and factor shares - Neutral and biased technical progress -- Hicks and Harrod - A comparison with respect of their effects on factor shares -- Limitations of the marginal productivity theory.

Module VII Classical Theories of Value (10)

Adam Smith: - Market price - Natural price labour theory of value mechanism of adjustment of market and natural prices - David Richardo: wages and profits - Richardo effect - Invariant measure of value - Labour Theory of Value - Karl Marx : Marx's concepts - Unequal exchange and surplus value - the transformation problem - Marx's solution - The irrelevance of transformation problem - The internal inconsistencies of the value system.

- K.C.KOGIKU : Micro economic Models, Harpert & Row, 1971
 R.DORTMAN : Prices and Markets, 1978.
 C.J.HAWKINS : Theory of the Firm, 1973

Module V

AMERICAN ECO:ASSOCIATION : Readings in Price Theory,
 Allen & Unwin, 1950

- J.BAIN : Barriers to New Competition, Harward, 1956
 A.KOUTSYIANNIS : Modern Micro economics, Macmillan 1979
 P.TOWNSEND (ed.): Price Theory, ~~XXXXXXXXXXXXXXXXXXXX~~ 1970
 Penguin, 1971.
 M.FRIEDMAN : Price Theory, A Provisional Text, 1970

Module VI

AMERICAN ECON.ASSOCIATION : Readings in the Theory of Income
 Distribution, Allen, & Unwin, 1950

- M.BRONFREN BRENNER : Income Distribution Theory, Macmillan, 1971.
 M.DOBBS: Theories of Value and Distribution Since Adam Smith
 Cambridge 1973.
 A.KOUTSOVIANNIS : Modern Micro economics, Mac illan, 1979
 N.KALDOR : Essays in Value and Distribution, 1960

Module VII

- M.BLAUG : Economic Theory in Retrospect, Heineman, 1970
 M.DOBBS : Theories of value and Distribution since Adam Smith,
 Cambridge, 1973.
 P.SRAFFA: Production of Commodities by Means of Commodities,
 Cambridge, 1960.
 N.KALDOR: Essays in Value and Distribution, 1960.

Module VIII

- G.C. HARCOURT : Some Cambridge Controversies in the Theory
 of Capital, Cambridge, 1972.
 G.C. HARCOURT & N.F.LAING (ED) Capital and growth, Penguin, 1971
 H.G.JONES : An Introduction to Modern Theories of Economic
 Growth, Mc.Graw Hill, 1976.

Module IX

- K.J.ARROW & F.HAHN : General Cometicive Analysis, North-Holland,
 G.DEBREU : The Theory of value, Willey, 1959
 B.HANSEN : A survey of General Equilibrium Systems,
 Mc Graw Hill, 1970x
 E.R.WEINTRALUB : General Equilibrium Theory, Macmillan 1974 .

Module X

- AMERICAN ECO.ASSOCIATION : Readings in Welfare Economics,
 R.D.Irwin & Co, 1969.
 N.BRUCE & BOADWAY : Welfare Economics, Basil Blackwell, 1984
 E.J.MISHAN, WELFARE Economics : An Assessment North Holland, 1969
 J. QUIRK & R.SAPOSSNICK : Introduction to General Equilibrium
 and Welfare Economics, Mc Graw Hill ,
 1968.

Compulsory/Core Paper II - Economic Theory II

The main objective of this paper is to train the students in a fairly rigorous manner in economic theory emphasising the micro foundations of macroeconomics as well as the macro structure. The tone of the paper, viewed in totality, will be to stress the complementary relationship between micro and macroeconomics. Module I deals with the micro foundations of macro economics. Module II is concerned with the determination of national income within a static equilibrium model. The logical extension of this module into an open economy with money is taken up in Module III. Module IV covers the dynamics of the real sector with emphasis on sectoral demand functions. Module V deals with current controversies in macroeconomics. Module VI covers theory of economic policy and policy issues.

Module I Microfoundations of Macro-economics (10)

Link between behavioural relationships of macro economics and behavioural patterns of individuals- approach of general equilibrium theorists - unsuitability of general equilibrium in the context of unemployment and rationing- Micro economics of macro economics - notion of costless fully informed market informants and its weakness - new Micro economics.

Module II The Closed Economy (15)

One Sector neo-classical and Keynesian models - IS-LM Model, Keynesian and neoclassical versions- fiscal and monetary policy analysis in an IS-LM model - Critique of IS-LM model - Unemployment and the labour market-Three sector macro model Keynesian and neo classical versions.

Module III Money and the Open Economy (20)

IS-LM analysis for an open economy - Balance of Payments and Keynesian analysis - External balance, money and prices - demand for money - money supply determination in open economy - Money, capital flows and the open economy- Mundell - Fleming Keynesian model - model monetary approach to balance of payments.

Module IV Dynamics of the Real Sector (15)

Sectoral demand functions: Consumption Demand - the consumption function puzzle - the absolute income hypothesis - the relative income hypothesis - the permanent income hypothesis - the life cycle hypothesis - Investment Demand: the Keynesian approach - the post - Keynesian approach - the neo-Keynesian approach - the neo-classical approach- Lags in investment demand - Accelerator theory of investment interaction of accelerator and the multiplier - Financial theory of investment determination - Policy measures that affect investment - The trade cycle - Keynesian and monetarist interpretation.

Module V - Current Controversies in Macro economics (25)

- (1) Walrasian general equilibrium:- Pure exchange model - money in the model - production in the model - uncertainty and time in the model - Patinkin's attempt to rectify the contradictions in the effort to monetise general equilibrium system.
- (2) Keynesian Counter revolution :- Views of R.W.CLOWER and ALEX LEIJONHUFVUD - Relevance of Walrass in Keynesian Theory - Dual Decision hypothesis.
- (3) Neo-Keynesian Quantity constrained models:- Views of BARRRO, GROSSMAN, MALINVAUD AND HAHN.
- (4) The Phillips Curve:- New micro economics of the labour market - adaptive expectations - expectation augmented Philips curve - Natural Rate of Unemployment.
- (5) Rational Expectations:- Views of J.MUTH, R.E.LUCAS, T.SARGANT AND E.PRESCOTT.
- (6) New Classical Economics:- New classical critique of Keynesian microfoundations - Challenge to Keynesianism and monetarism - implications and criticism.
- (7) Supplieside economics:- Views of MARTIN FELDSTEIN, LESTER THURLOW, - Wedge model - Laffer Curve - Anti-Keynesianism and after - Buchanan's Public Choice Theory.

Module VI - Macro economic Policy (20)

Theory of Economic Policy - target variables and instrument variables - Trade off - views of TINBERGEN AND THEIL Main Policy Instruments - (1) Monetary Policy - lags - Rules versus Discretion - money and inflation - Okun's Law (2) Fiscal Policy Budget deficits and inflation (3) Mechanics of financing budget and budget deficits - (3) Incomes Policy wage guide posts - Crowding out effect of government budget problems of stabilization policy - Main Policy Issues: Keynesian, monetarist and New Cambridge approach - views of Rostowians on the government and bureaucracy as well as on economic agents - Current state of controversy in macro economics and policy.

REFERENCE

R.LEVACIS and A.REBMANN: Macroeconomics, ELBS, Macmillan 1982 shall be the basic single text to be followed for all the modules.

Module I

L.BOKAND : The Foundations of Economic Method, Allen and Unwin, 1982.

T.NEGISHI : Microeconomic Foundations of Keynesian Macro economics, North-Holland Col. 1979.

E.S.PHELPS : (ed) Microeconomic Foundations of Inflation and Unemployment Theory, Norton, 1970.

E.R.WEINTRAUB : Microfoundations, Cambridge University Press, 1979.

G.HARCOURT (ed) : The Microeconomic Foundations of Macroeconomics, Macmillan, 1977.

Module II

- J.BLACK : The Economics of Modern Britain : An Introduction to Macro Economics, Martin, Robertson, 1980.
- J.R.HICKS : "Mr.Keynes and the Classics", A Suggested Interpretation, Econometrics, April 1937.
- R.LEVACIC and A.REBMANN : Macroeconomics, ELBS, Macmillan 1982 Chs. 1 to 6-

Module III

- R.COGLAN : The Theory of Money and Finance, Macmillan, 1980, Ch. 4.
- D.FISHER : Monetary Theory and the Demand for Money, Martin Robertson, 1978, Chs. 3 - 5.
- R.DORNBUSCH : Open Economy Macroeconomics, Basic Books, 1980.
- J.A.FRENKEZ and H.G.JOHNSON (ed) The Monetary Approach to Balance of Payments, Allen & Unwin, 1976.
- BO SOOERSTEN : International Economics, Macmillan 1980 Ch.23.
- R.LEVACIS and A.REBMANN : Macro economics, ELBS, MACMILLAN 1982 Chs. 7 to 11.

Module IV.

- R.LEVACIC and A.REBMANN : Macroeconomics, ELBS, Macmillan, 1982 Chs. 12 to 14.

Module V

- R.BARRO and H.GROSSMAN : Money, Employment and inflation, Cambridge University Press, 1976
- R.W.CLOWER : "The Keynesian Counter-Revolution: A Theoretical Appraisal" in F.H.HAHN and F.BRECHLING(ed) The Theory of Interest Rates, Macmillan 1965 Reprinted in P.G.KORLIRAS and R.S.THORN(ed) Modern Macroeconomics, Harper & Row 1979.
- A.LEIJONHUFVUD : On Keynesian Economics and the Economics of Keynes, Oxford University Press, 1968
- R.J.GORDON : "Recent Developments in the Theory of Inflation and Unemployment", Journal of Monetary Economics 1976 reprinted in P.G.KORLIRAS AND R.S.THORN(ed) Modern Macroeconomics, Harper & Row 1979.
- R.LEVACIC and A.REBMANN: Macroeconomics, ELBS, Macmillan, 1982 Chs. 16 to 20.

Module VI

- K.BRUNNER and A.H.METZLER (ed) Public Policies in Open Economics, North Holland 1978.
- R.LEVACIS and A.REBMANN : Macroeconomics, ELBS, Macmillan 1982 Chs. 21 to 23.

COMPULSORY/CORE PAPER III ECONOMIC HISTORY 1500-1800

A course in economic history at the post-graduate level should not remain content with merely providing historical facts but should aim at training the student in the use of the historical method as a method of analysis. While the study of economic theory helps one to use the quantitative method of analysis, a course in economic history could prepare a student training at the post-graduate level cannot be considered complete without a proper grounding in all the three methods of analysis, namely, the logical, quantitative and the historical method. It has long been recognised that a study of history can provide facts and illustrations for certain principles propounded in economic theory. Sir JOHN HICKS has said that we suffer too much from academic specialisation by keeping economic theory and history apart. For him a major function of economic history is "to be a forum where economists and political scientists, lawyers, sociologists and historians can meet and talk to one another".

A course in economic history would therefore help a student in understanding the historical interpretation of economics simultaneously with the economic interpretation of history. The present paper confines itself to the period of 1500-1800 in India's history.

Module I - Selected Problems in Indian History (15)

Selected problems in Indian economic history-methods of historical research sources, and nature of historical material for the period 1500-1800 Theory and History.

Module II - 1500-1800 Administration(15)

The nature of the State: Mughal India and South India fiscal patterns and policies - creation and maintenance of social overheads.

Module III-1500-1800 Agriculture (15)

The Agrarian Structure-tenurial relations-crop pattern, yields and productivity - technological change-trace in agricultural produce-the agrarian crisis of the Mughal empire.

Module IV - 1500-1800 Industry and Trade (35)

The Organisation of manufacturing for local, regional, national and international markets - the contract system-regional contracts - the Structure of Asian Trade - Indigenous forms and instruments of trade-the arab merchants-Indian mercantile communities-Portuguese trade as redistributive enterprise- the English and the Dutch Companies-trade within Asia and between Asia and Europe - The impact of Dutch conquest of Indonesia and the English conquest of Bengal on the structure of Asian Trade - The rise of the China trade.

Module V - Issues in Economic History (25)

Some Historical case studies Mobilization of agricultural surplus forms of labour supply inputs into Agriculture- peasant rationality and markets - Comparison of the response of different types of colonial economics to imperialist forces - Comparison of the policies of different metropolitan powers and of the policies of the same power. eg. Britain in its various colonies.

REFERENCES

Module I

- M. BLOCH: The Historian's Craft, Vintage Books 1953.
J.R. HICKS: A Theory of Economic History, Oxford 1969.

Module II

- W.H. MORELAND: From Akbar to Aurangzeb. A Study in Indian Economic History, Macmillan, 1923.
W.H. MORELAND: Agrarian System of Muslim India - A historical Essay with Appendices, Cambridge, 1929.
T. RAYCHOWDHURI and IRFAN HABIB (Eds) Cambridge, Economic History of India, Vol. I, Orient Longman 1982.

Module III

- IRFAN HABIB: The Agrarian System of Mughal India, Allied, 1963.
D. STEIN: Peasant State and Society in Medieval South India, Oxford University Press, 1980.

Module IV

- K.N. CHAUDHURI: The Trading World of Asia and the English East India Company 1660-1760, Cambridge University Press, 1978.
N. STEENSGARD: The Asian Trade Revolution of the Seventeenth Century, Chicago University Press, 1974.

Module V

- E. BOSERUP: Conditions of Agricultural Growth, Allied 1965.
E.L. JONES and E.J. WOOLF: Agrarian Change and Economic Development, Methuen, 1969.
J.A. LEURIS: (ed) Tropical Development, 1880-1913, Allen & Unwin, 1970
W. PARKER (ed): European Peasants and their Markets, Princeton, 1975.
T.W. SCHULTZ: Transforming Traditional Agriculture.
J.C. SCOTT: The Moral Economy of the peasant Yale 1978.

COMPULSORY/CORE PAPER IV-DEVELOPMENT ECONOMICS

A developing economy has structure if its institutions and the behaviour of its members make some patterns of resource allocation substantially more likely than others. A study of development economics is structuralist when it takes these factors as the corner stone for its analysis.

This paper attempts to codify a theory oriented development economics. Module I provides an overview of the concept of development and underdevelopment. Module II provides a backdrop to the so-called grand theories of growth and cover Smith, Ricardo, Marx and Schumpeter. Module III is an introduction to the modern theories of economic growth and focusses a great deal on the study of the causes of growth. Module IV covers the partial theories of growth and provides an essential understanding on underdevelopment. Module V deals with factors in the development process, while Module VI is concerned with the components (Agriculture and industry) in the development process. In the process, the interlinkages between factors and components are clearly developed.

Module VII highlights the international aspects of development. Module VIII deals with the mobilisation of resources and is a prime examples of the development of theory induced policies. Module IX discusses the all important concept of allocation of resources, while Module X carries this topic forward to its logical conclusions by development planning.

Module I - Development and Underdevelopment - An overview (8)

Relevance of development- characteristics of LDC-types of markets and production conditions-world distribution of income-development gap-difficulties in measurement-cross country comparison-poverty and income distribution-Income inequality and poverty-redistribution with growth.

Module II - Grand Theories of Growth and Development (12)

Adam Smith: The Production Function - Natural Resources and Institutions-The Labour Force-Accumulation of capital Stationary state. David Ricardo - The production Function- Natural and human resources-capital accumulation-pattern of development. Karl Marx : Theory of Social Evolution- Variable Capital-constant capital-surplus value and exploitation organic composition of capital. The Reserve Army Concept-determinants of the rate of capital accumulation--Marxian dynamic process-- internal contradiction of capitalism-Marx's theory of underdevelopment. Joseph Schumpeter: Process of Production-dynamic evolution of an economy-Influence of technology on development --nature of the Entrepreneur-Profits and development- Role of Innovations-Meaning of capital Role of credit-Theory of business cycles.

Module III - Modern Theories of Economic Growth and Development(10)

The stylised facts of growth - Basic assumptions of Growth Models-Harrod Domar Model The neo-classical growth model.

Module II - Grand Theories of Growth and Development (12)

Module III - Modern Theories of Economic Growth and Development (10)

with and without technical progress - Kaldor - Mirrless growth model - production function-approach to the study of course of growth-Empirical evidence, Solow, Denison, Abramovitz and Kendrick.

Module IV : Partial Theories of Economic Growth and Development(10)

The Vicious Circle Theory - Rostow's Stages of Growth
Surplus Labour : Lewis-Big Push : Rosenstein - Rodan Balanced Growth : Nurks - Unbalanced Growth : Hirschman-Minimum Critical Effort : Leibenstein, Low level Equilibrium Trap:Nelson-Dualism
The process of cumulative causation - Dual economy models-The fei-rains model-the Jorgenson Model - the Dixit-Marglin model the wage-goods model-A critique of Dual Economy Models.

Module V -Factors in the Development Process (8)

Labour : The population problem - Population growth and development process-Theory of demographic transition-the Harris-Rodaro model-Employment Policy. Capital : Role of capital in development-Capital-~~xx~~ output ration-the ICOR- Technical Progress: capital and labour saving technical progress Human Resources: Development-Education and economic development- Human capital-Becker-learning by doing-Arrow-education deepening -Denison-Human Resources Analysis-Manpower Planning.

Institutional Structure:

Module VI - Components in the Development Process (12)

Agriculture: Role of agriculture in development - Supply response of agriculture-concept of marketed surplus-size holdings and output-limitations of price policy-Growth of money economy -Disguised unemployment-types and measurement-incentives and costs of labour transfer Industry : Role of industry-major reasons for industrialisation in LDC - infant industry argument-Employment argument - Export Promotion Vs Impact substitution strategies- Choice of techniques and factor proportions-Problem in LDCs- Technolo-/choice-Appropriate and inappropriate technology.

Module VII - International Aspects of Development (10)

Trade Theory and Economics of Development - The contribution of trade to development-static gains and dynamic gains - Terms of Trade and economic development - Secular stagnative thesis of singer-Technical Progress and terms of trade- Role of tariffs in economic development-Trade Theory and Dual Gap analysis-export instability and development-Trade Vs.Aid - Evolution and objectives of the ~~xxx~~ NIEO .

Module VIII- Mobilisation of Resources (12)

Domestic Resources : Prior savings approach - Monetary Policy - Fiscal Policy - Inflation, Savings and Growth - the Keynesian approach to the finance of development-The Quantity Theory approach to finance of development-Non-inflationary finance of investment-Inflation and credit-financed growth Empirical evidence-External Resources : Dual Gap analysis and foreign borrowing S-I gap and foreign exchange gap-Models of capital imports and growth-capital imports, domestic saving and ICOR -Foreign borrowing and the debt-servicing problem - Types and measurement of international capital flows-The role of the IMF and IBRD - SDR.

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Module IX - Allocation of Resources (8)

Broad policy choices Industry Vs. Agriculture -
Comparative cost doctrine - Present Vs. future consumption the
need for investment criteria in LDCS - Alternative investment
criteria .. Micro planning - Cost-benefit analysis - Shadow
prices - Little - Mirrlees method of Project Evaluation in LDCS -
UNIDO guidelines.

Module X - Development Planning (15)

Arguments for and against planning .. Concept of economic
planning - Types of Planning - Economic models and planning ..
Policy models - Projection models - Harrod - Domar model in
development planning - India's plan model - Two sector Harrod
Domar planning model - the Fieldman Mahalanobis - Damar Sectoral
planning - Model - Macro - econometric models in development
planning - input-output analysis in development planning -
Linear programming and development planning.

References

Module I

- H.B. CHENERY (ed) Redistribution with growth, OUP 1974.
S. GHATAK: An introduction to Development Economics, Allen &
Unwin, 1986.
I.M.D. LITTLE: Economic Development: Theory, Policy and
Inter-national Relations, Basic Books 1982.
G.M. MEER & D. SEERS (eds). Pioneers in Development, OUP 1987.
A.P. THIRLWALL: Growth and Development, Macmillan 1978.
M.P. TODARO: Economics for a Developing Economy, Longman, 1981.

Module II

1. I. DILLMAN: Theories of Economic Growth and Development,
Stafford, 1961.
2. A. BOSE: Marxian and Post-Marxian Political Economy,
Penguin 1975.
3. S. CHAKRAVARTHY: Alternative Approaches to a Theory of
Economic Growth.
4. J.A. SCHUMPETTER: The Theory of Economic Development,
Harvard 1949.

Module III

- S. GHATAK: An Introduction to Development Economics,
Allen & Unwin 1986.
H.G. JONES: An Introduction to the Modern Theories of Economic
Growth, Mc Graw-Hill 1976.
A.K. SEN (ed) Growth Economics, Penguin 1971.
A.P. THIRLWALL: Growth and Development, Macmillan 1978.

Module IV

- P.R. BRAHMNANDA and C.N. Vakil: Planning from Expanding
Economy, Vara & Co., 1956.
B. HIGGINS: Economic Development, Norton 1959.
W.A. LEWIS: The Theory of Economic Growth, Allen and Unwin,
1955.
G. MYRDAL: Economic Theory and Underdeveloped Regions,
Duckworth 1957.

A.P. THIRLWALL: Growth and Development, Macmillan 1978.

Module V

S. GHATAK: An Introduction to Development Economics, Allen and Unwin 1986.

R. JOLLY (ed) Third World Employment, Penguin 1973.

G.M. MEIER (ed): Leading Issues in Economic Development, OUP 1984.

F. STEWART: Technology and Underdevelopment, Macmillan, 1978.

Module VI

J. BHAGWATHI and P. DESAI: India-Planning for Industrialisation OUP 1970

S. GHATAK: An Introduction to Development Economics, Allen & Unwin, 1986.

C.P. KINDLE BERGER: Economic Development, Mc Graw Hill 1977.

A.K. SEN: Choice of Techniques, Oxford, 1962.

A.K. SEN: Employment, Technology and Development, OUP 1975.

Module VII

I.M.D. LITTLE etc. Industry and Trade in Some Developing Countries, OUP 1970

G.M. MEIER: Leading Issues in Economic Development, OUP 1984.

J.D. THEBERGE (ed) Economics of Trade and Development, John Wiley, 1968

A.P. THIRLWALL: Growth and Development, Macmillan 1978.

Module VIII

S. GHATAK: An Introduction to Development Economics, Allen & Unwin, 1986.

R. MCKINNON: Money and Capital in Economic Development, Brookings 1973.

A.P. THIRLWALL: Inflation, Saving and Growth in Developing Economics, Macmillan 1974.

A.P. THIRLWALL: Growth and Development, Macmillan 1978.

A.P. THIRLWALL: Financing Economic Development, Macmillan 1976.

Module IX

A.K. DASGUPTA & Others: Guidelines for Project Evaluation, UNIDO, 1972.

S. GHATAK: An Introduction to Development Economics, Allen & Unwin 1986.

IMD LITTLE: Economic Development - Theory, Policy and International Relations, Basic Books 1982.

E.J. MISHAN: Cost - Benefit Analysis, Allen & Unwin 1975.

A.P. THIRLWALL: Growth and Development, Macmillan 1978.

U N I V E R S I T Y O F K E R A L A

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Module X

C.R. BLITZER etc. (ed) Economy wide Models and Development-
Planning, OUP 1975.

S.CHEKRAVARTHY : Development Planning - The Indian Experience,
Oxford 1987.

L. TAYLOR: Macromodels for Developing Countries, McGraw Hill,
1979.

A.P. THIRLMALL: Growth and Development, Macmillan 1978.

M.P. TODARO: Development Planning: Models and Methods, OUP
1971.

Compulsory/Core paper V-INDIAN ECONOMY

The Chief objective of this course would be sharpen the analytical faculty of the student, by highlighting an integrated approach to the functioning aspects of the Indian economy from a theoretical as well as applied angles, keeping in focus, the scope for alternative approaches. Such an analysis is essential, because the Indian economy is a unique amalgam of alternative and often conflicting theories, and a proper understanding of its working is imperative if the student is to comprehend, in a meaningful manner, the ramifications that underlie most of the observed phenomena in the Indian economic set up.

To develop these themes, Module I starts off with the determinants of income, employment and growth rate within the Indian macro economic system. The emphasis on Module II is on money interest rates and the price level. In Module III India is placed and compared within the international setting, by discussing foreign exchange and balance of payments aspects. Module IV dwells upon public economics, which under any circumstances sets the pace for the rest of the economy. All these modules are placed in a proper perspective in Module V which discusses the Development process of the Indian economy with special emphasis on planning strategies and Macro-economic policies.

Module I - Determinants of Income Employment and Growth Rate (21)

Determination of National Income in India - Flow of Funds Analysis - Problems of measurement - Determination of Employment - Nature of unemployment - factors determining the demand for and supply of labour with special reference to women - wage rate and wage differentials - Factors - determining the Growth Rate in India - Relative role of Supply and Demand factors - Saving and investment patterns - Capital - Output Ratio and its implications - Productivity growth - Institutional structure.

Module II Money Interest, Price Level and Relative Prices (21)

Factors determining the Demand for and Supply of Money - Relationship between monetary and real factors - Money, Liquidity and Finance - Factors determining the Interest Rate - Relation between short run and long run rates - Real and Nominal Rates - Portfolio Analysis - Factors determining Price Level - Causes and Consequences of Inflation - various approaches thereof the fixation and behaviour of relative prices - Interrelation between and among leading categories.

Module III Foreign Exchange, Balance of Payments and International Economic Policy (21)

Determination of Exchange Rates - The Demand for and the supply of Foreign Exchange - Exchange Rate Policy of India - Theory of Commercial policy - Factors determining the balance of payments - Components of Current Account and Capital Account - International policy of India and the effects of International Development on the Indian Economy - Trade and Exchange gap.

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Module IV - Public Economics (21)

The Indian Tax System - Incidence of taxation on various sections of the society - Analysis of the Union Budget - Public expenditure - Public Dept - Public Investment and Pricing - Centre-State Financial Relations.

MODULE V - Development process, planning strategies and Economic Policy (21)

Lessons of India's Development Experience - Alternative planning and Development Strategies: Export Promotion Vs Import Substitution - Heavy Industry Vs. the Wage-goods approach - Economic Policy - Goals, constraints and instruments - Model Components: (1) Monetary and Fiscal Policy - (2) Industrial Policy - (3) Administered Prices - (4) Physical and Fiscal Controls Parallel Economy and its implications - Effectiveness of Policies Policies of Liberalisation - Nationalisation and Privatisation Long term Perspective on Indian Economy.

REFERENCES

Module I

- A. BAGCHI: The Political Economy of Underdevelopment in India
Cambridge 1982.
- P. BARDHAN: The Political Economy of Development in India
OUP 1984.
- P.R. BRAHMANANDA and V.R. PANCHAMUKHI (ed) The Development
Process of the Indian Economy, ~~Bombay~~, Himalaya 1987.
- V.M. DANDEKAR & N.RATH: Poverty India, Indian School of Political
Economy, Bombay, 1971.
- B. DATTA: The Contents of Economic Growth and other Essays
Research India Publications, Calcutta, 1977.
- V.K.R.V. RAO: India's National Income 1950-1980, Sage 1983.
- C. WADHWA: (ed) Some problems of India's Economic Policy Tata
McGraw Hill 1977.
- LUCAS & PAPENEK (ed) The Indian Economy, OUP 1988.

Module II

- P.R. BRAHMANANDA: Growthless Inflation by Means of Stockless
Money, Himalaya 1980,
- P.R. BRAHMANANDA and V.R. PANCHAMUKHI. The Development Process
of the Indian Economy, Himalaya 1987.
- LUCAS AND PAPENEK (ed) The Indian Economy, OUP 1988
- S. CHAKRAVARTHY: Report of the RBI Committee to Review the
working of the Monetary System, RBI, 1985.
- R.W. GOLDSMITH: Financial Structure and Development, Yale 1969.
- S.B. GUPTA: Monetary Planning for India, OUP 1979.
- S.B. GUPTA: Monetary Economics, S. Chand & Co., 1983.
- V.K.R.V. RAO and Others: Inflation and India's Economic Crisis,
Vikas 1975.
- S.L.N. SIMHA: Inflation in India, Vora 1974.

Module III

- J. BHAGWATI AND P. DESAI: India: Planning for Industrialisation, OUP 1972.
- J. BHAGWATI AND T.N. SRINIVASAN: Foreign Trade Regimes and Economic Development, Macmillan 1 1976.
- P.R. BRAHMANANDA and V.R.PANCHAMUKHI: The Development Process of the Indian Economy, Himalaya, 1987.
- IM.D. LITTLE AND OTHERS: Industry and Trade in Some Developing Countries - A Comparative Study, OUP 1970.
- D. NAYYAR: India's Exports and Export Policies in the 1960s, Cambridge 1976.
- V.R. PANCHAMUKHI: Trade Policies of India - A Quantitative Analysis, concepts 1978.
- J. B. THEBERGE (ed) Economics of Trade and Development, John-Wiley 1968.
- C. WADHWA (ed) Some Problems of India's Economic Policy Tata McGraw Hill 1977.

Module IV

- P.R. BRAHMANANDA and V.R. Panchamukhi: (ed). The Development Process of the Indian Economy, Himalaya 1987.
- R.J. CHELLIAH: Fiscal Policy in Underdeveloped Economy, Allen & Unwin 1969.
- R.J. CHELLIAH et al. Trends and Issues in Indian Federal Finance, Allied 1981.
- V.P. GANDHI: Aspects of India's Tax Structure, Vora 1970.
- R. JHA: Modern Theory of Public Finance, Wiley Eastern 1987.
- D.T. LAKDAWALA: Union-State Financial Relations, Lalvani - Publishers, 1967.
- D.M. NANU JNDAPPA: Inter-Governmental Financial Relations in India, Sterling 1974,
- M.J.K. THAVARAJ: Financial Management of the Government, S.CR & Co., 1974 1978.
- LUCAS and PAPANEK: The Indian Economy, OUP 1988.

Module V

- I.J. AHLUWALIA : Industrial Growth in India, OUP 1985.
- J. BHAGWATI & S. CHAKRAVARTHY: Contribution to Indian Economic Analysis, Lalvani Publishing House, 1971.
- P.R. BRAHMANANDA and V.R. PANCHANUKHI (ed) The Development Process of the Indian Economy Himalaya 1987.
- S. CHAKRAVARTHY: Development Planning: The Indian Experience, Oxford 1987.
- D.R. GADGIL: Planning and Economic Policy in India, Orient Longman 1972.
- A. GHOSH AND S.K. GHOSH: Planning Techniques and Indian Plans, Wheeler & Co., 1983.
- L.K. JHA: Economic Strategy for the 80's, Allied, 1980.
- LUCAS and PAPENEK: The Indian Economy, OUP 1988.

Compulsory/Core Paper VI

Quantitative Methods

- Module: 1 Mathematical Methods - 1 (Vectors and Matrices) (20)
The concept of a vector - vector operations - vector spaces and sub-spaces - Linear dependence and independence - Generators, Basis and Dimensions.
Basic concepts in matrix algebra - matrix operations - the inverse of a matrix - simultaneous linear questions-characteristic equations - Quadratic forms with and without linear constraints.
Matrix methods in Economic analysis - The Static open Leontief System.
- Module: 2 Mathematical Methods - II (Optimisation Techniques) (20)
Optimisation with equality constraints - The Lagrange multiplier method - First and Second Order conditions of consumer' and producer's equilibrium.
Optimisation with inequality constraints - Linear programming - Graphical and algebraic methods of solving linear programming problems - Economic illustrations.
- Module: 3 Mathematical Methods - III (Differential and Difference Equations) (20)
First Order linear differential equations.
Differential equations of second order.
Linear, First Order difference equations - Linear Second Order difference equations - Systems of Linear difference equations - Economic applications of differential and difference equations.
- Module: 4 Statistical Methods - I (Probability and Probability distributions) (10)
Basic probability theory - Probability densities and distribution functions - Stochastic independence standard, probability distributions - Law of large numbers and Central limit theorem (without proof) Standard sampling distributions - X^2 , t and F.
- Module: 5 Statistical Methods - 2 (Statistical Inference) (15)
Concepts and methods of estimation - properties of estimations - Cremer - Rao lower bound - Method of moments - method of least squares - method of maximum likelihood (without proof) Hypothesis testing - concepts and methods - simple and composite hypothesis - Type-I and Type-II errors - Neyman-person Lemma - the Likelihood ratio method.
- Module:6 Elementary econometric methods (20)
The logic of econometric model building - the role error term-specification and estimation of econometric models.
The Simple linear and General linear models - Least square estimation - properties of the estimators (without proof) - Hypothesis testing and interpretation - Violations of classical assumptions - model diagnostics - multi-collanearity - hetro-sceolasticity autocorrelation.
Limitations of econometric analysis.

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Essential References:

1. Hadley, 'Linear Algebra', Addison-Wesley Publishing Company, Inc, (1961).
2. Taro Yamane 'Mathematics for Economists : An elementary Survey' Prentice Hall of India Pvt. Ltd., New Delhi (1968).
3. Chiang, 'Fundamental Methods of Mathematical Economics' Mc Graw Hill Book Company, New Delhi.
4. Yen, 'Introduction to Input-Output Economics' Holt Rinehart and Winstern, Inc (1969).
5. Intriligator, 'Mathematical Optimisation and Economic Theory' Prentice Hall, Inc Englewood Cliffs (1971)
6. Gass 'Linear Programming', Mc.Graw Hill Book Company (1958)
7. Hoal, 'Introduction to Mathematical Statistics' John Wiley and Sons, Inc. 1954.
8. Keeping 'Introduction to Statistical Inference', Affiliated East-West Press, New Delhi.
9. Chakravarthi, et al, 'Handbook of Methods of Applied Statistics', Vol.I and II, John Wiley and Sons, Inc. New York (1967)
10. Gujarati, 'Basic Econometrics', ~~Prentice Hall~~ Mc Graw Hill Book Company, Singapore (1986)
11. Klein, 'An Introduction to Econometrics' , Prentice Hall, Inc (1962)
12. Koutsopyinnis, 'Theory of Econometrics', Macmillan (1973).

Suggested Readings

1. Almon, 'Matrix Methods in Economics' Addison-Wesley Publishing Company (1967)
2. Mathur F.N. and Bharadwaj. R., 'Economic Analysis in Input-Output - Framework' Input-Output Association of India (1967)
3. Koo, 'Elements of Optimisation with applications in Economics and Business' , Springer-Verlag, New York (1977).
4. Henderson and Quandt, 'Micro-Economic Theory: A mathematical approach', 3rd (edn) Mc.Graw Hill Book Company, New York, 1980.
5. Hadley, 'Linear Programming', Addison-Wesley Publishing Company, Inc. 1962.
6. Dorfman, Samuelson and Solow, 'Linear Programming and Economic - Analysis', Mc.Graw Hill Book Company, New York - 1958.
7. Leighton, 'An Introduction to the theory of Differential - Equations', Mc.Graw Hill Book Company, Inc. 1952.
8. Goldberg, 'Introduction to Difference Equations', John Wiley and Sons, Inc (1958)
9. Baumol, 'Economic Dynamics', The Macmillan Company, 1959.
10. Baumol, 'Economic theory and Operational Analysis, Prentice-Hall of India Pvt. Ltd., New Delhi , (1985).
11. Spiegel, 'Theory and Problems of Probability and Statistics', Mc.Graw Hill Book Company, Singapore (1985)
12. Kane, 'Economic Statistics and Econometrics', Harper and Bow, New York (1963).
13. Malinvend, 'Statistical Methods in Econometrics', North Holland Publishing Company, Amsterdam(1966).
14. Taro Yamana 'Statistical ~~Methods in Econometrics~~ ~~xxxx~~ North Harper International Edition (1973)
15. Kanenta, 'Elements of Econometrics', The Macmillan Company, New York, 1971.

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Optional Paper : MONEY AND BANKING

Monetary theory is a branch of macro economic theory which analyses the role of monetary forces. To understand the working of these monetary forces and their interaction with the rest of the economy, we need the guidance of theory. This understanding leads us to realize that monetary forces operate through a multitude of channels - market, non-market, institutions and others. The study of financial institutions, therefore, of equal importance to comprehend the working of the monetary forces and to analyse their effects in order to plan policy measures and evaluate their consequences. This paper MONEY AND BANKING is an optional integration of monetary theory, institutional structure and policy with special reference to Indian experience.

Module I is concerned with the basic concepts used in monetary theory. Module II gives an overview of monetary theory and empirical evidence on the validity of the competing theories. Module III deals with the institutional structure comprising of banks, non-banks and capital markets and the roles they play in the Indian economy. Module IV is on monetary policy and instruments of control. Module V deals with the RBI.

Module I Basic Concepts (10)

Money and the Payments System - Measures of money supply - Inside Money and Outside Money - The Neutrality of Money - Money and uncertainty - Money in Equilibrium and Non-equilibrium States - Money and Economic Balance.

Module II Monetary Theory (25)

The Traditional Quantity Theory - Fisher's Equation of Exchange and the Cambridge Cash Balance Approach - The Keynesian Theory - The Modern Quantity Theory: Friedman's Approach - Constancy of Velocity - Determinants of Money Supply - The H. Theory of Money Supply - The Money Multiplier Process - Money Stock and Interest Rates - Theory and empirical evidence.

Module III Institutional Structure (25)

Credit and Financial System - Financial Market : Money Market and Capital Market - Changing structure of banking - Development Banks - Non-Banking Financial Intermediaries (NBFI) - Unregulated credit instruments - emergence of cashless society - its implications - changing concepts of central banking - views of Radcliffe - Sayers - US Commission on Money and Credit.

Module IV Monetary Policy (20)

Framework, objectives and characteristics - goals, targets and indicators of monetary policy - transmission mechanism restrictive and accommodating monetary policy - guide for monetary management - problems of debt management - Discriminatory effects of monetary policy - Lags in policy - Policy mix and the objectives of growth without inflation and also international equilibrium.

Module V The Reserve Bank of India (25)

Functions and Working - Comparison with Bank of England and Federal Reserve System - Factors determining the demand for and supply of money in India - Money, liquidity and finance and RBI Control on them - Factors determining Interest Rates (Short term and long term) and the Price Level - Instruments of Control and techniques of implementation - effectiveness - credit planning - Compulsions and constraints on RBI - implications of deficit finance and monetisation of budget deficits - Report of the Chakravarty Committee.

REFERENCES

Module I

- P. DAVIDSON : Money and the Real World, Macmillan, 2nd Edn. 1978
L. HARRIS : Monetary Theory Mc. Graw Hill, 1965
C. GOODHART : Money Information and Uncertainty, Macmillan,
2nd Edn. 1977.

Module II

- M. FRIEDMAN (ed): Studies in the Quantity Theory of Money,
University of Chicago Press, 1955.
L. HARRIS : Monetary Theory, Mc. Graw Hill 1965.
D. LAIDLER: Demand for Money, Dun Donnelley, 1977.
W.T. NEWLYN: Theory of Money, 1971.
D. PATINKIN : Studies in Monetary Economics, 1972.

Module III

- R.S. SAYERS : Modern Banking, Oxford University Press, 1978.
L.V. CHANDLER : Monetary and Financial System, Macmillan, 1984.
S. MITRA (ed) : Money and Banking, Random House, New York, 1970.
RADCLIFFE COMMITTEE: Report of the Committee on the Working
of the Monetary System in the U.K.,
Macmillan, 1959.
W.E. GIBSON AND G. KAUFMAN (ed) : Monetary Economics -
Readings on Current Issues,
Tata Mc. Graw Hill, 2nd
edn. 1975.

Module IV

- V. CHICK : The Theory of Monetary Policy, Basil Blackwell,
Oxford, 2nd edn, 1977.
J.M. CULBERTSON: Macro economic Theorem and Stabilization
Policy Mc. Graw Hill 1971.

Module V

- RBI Occasional Papers
RBI Bulletins
RBI Report on Currency and Finance
S.B. GUPTA : Monetary Planning for India, Oxford University
Press, 1979.
Report of the Chakravarty Committee.

Optional Paper : PUBLIC ECONOMICS

The objective of this paper is to impart to the student a thorough understanding of the role and functions of the Government in a modern economy. The Government is, today, cast in a role and performs functions different from those of earlier societies. It is this change which is responsible for designing this paper as PUBLIC ECONOMICS rather than the more conventional PUBLIC FINANCE.

Module I deals with the role of Government. Module II covers the foundations and rationals of public economics with the emphasis on the theory of Government intervention. Module III deals with aspects of taxation, public expenditure and public debt. The role of public enterprises, issues in pricing and privatization are dealt with in Module IV. Module V covers Indian Public Finance with special emphasis on fiscal federalism.

Module I Role of Government (5)

Changing perspective about the role of Government in organised society - Government in a mixed economy - Public sector and Private sector: Cooperation or competition - Budget as a means of operationalising the planning process - Government failures.

Module II Foundations of Public Economics (35)

Pareto optimality - market failure: imperfections, decreasing cost, externalities, public goods, uncertainty, informational asymmetry - Concept of Public Household - Allocation: Provision of public goods, voluntary exchange models, impossibility of decentralised provision of public goods (Samuelson's Contribution) Demand revealing schemes for public goods (Clarke, Graves and Ledyard) - Tieout model, theory of club goods. Stabilisation: Keynesian case for stabilisation policy, uncertainty and expectations - failure of intertemporal markets - liquidity preferences - Social goals: Poverty alleviation, provision of infrastructural facilities, correcting distributional inequalities and regional imbalances. Public Choice Theory: Private and public mechanisms for allocating resources - Problems of preference revelation and aggregation - voting systems - Arrow's Impossibility Theorem - an Economic Theory of Democracy - Politic - economic interactions - Group interest, interest groups, bureaucracy - Rent seeking and Directly Unproductive Profit - Seeking (DUP) activities. Fiscal Policy: link between fiscal and monetary operations - Budgetary deficit, its measurement and implications - fiscal policy for stabilisation Automatic Vs. Discretionary Stabilisation - Rules Vs. Discretion - Fiscal Policy for development - Alternative measures of resource mobilisation and their impact on growth, distribution and prices.

Module III Taxation, Public Expenditure and Public Debt. (25)

Taxation: Benefit and Ability to Pay approaches to taxation - Theory of Optional Taxation (including optional redistributive taxation, optional structure of income taxes and redistribution through commodity taxes) Trade-off between equity and efficiency - Theory and measurement of dead weight losses -

Theory of Incidence and alternative concepts of incidence - allocative and equity aspects of individual taxes. Public Expenditure: Wagner's Law - Structure and growth of public expenditure - Criteria for public investment - Social cost-benefit analysis: Project objectives, benefit estimation and evaluation, estimation of project costs, selection of discount rates - reforms in expenditure budgeting: Performance Budgeting, Programme Budgeting and zero-based budgeting; Public Debt: Economics of public debt - Classical theory of public debt - Compensatory aspects of debt. policy - burden of public debt - sources of public debt - public borrowings and price level - Principles of debt management.

Module IV Public Enterprises (10)

Role of public enterprises in a mixed economy - Growth and shares in national income, savings and capital formation - Changing attitudes towards public enterprises - Privatization - Criteria for Pricing: Dupit Hotelling, second-best criteria, inverse price elasticity, equity aspects - Administered pricing and surplus generation - criteria for evaluation - peak load pricing in utilities - Pricing Policy and issues relating to public enterprises in India.

Module V Indian Public Finance (30)

Sources of current revenue in India - Indian tax system - Ratio of tax revenue to national incomes - Major taxes in India - Progressivity in Indian income-taxation - Taxation of Income, Wealth, Capital Gains, Gifts and Commodities - Taxation of agricultural sector - Expenditure taxation - Value-added tax - Modvat - Tax - expenditure analysis - Non-tax revenue - Trends and composition of Indian public debt - Fiscal Federalism: Vertical and horizontal imbalance - assignment of functions and sources of revenue - Logic of the Constitutional scheme - Finance Commission - revenue devolutions and grants - Theory of grants Gadgil Formula - Centre State Financial relations - financial resources to local bodies - problems of State-Local financial relations.

REFERENCES

Module I

J.M. BUCHANAN: The Public Finances, Irwin, 1970.

R.A. MUSGRAVE and P.A. MUSGRAVE: Public Finance in Theory and Practice, Mc. Graw Hill 1976.

J.E. STIGLITZ: Economics of the Public Sector, Norton, 1986.

R. GOODE: Government Finance in Developing Countries, Tata - Mc. Graw Hill, 1983.

Module II

R.W. BOADWAY and N. BRUGE: Welfare Economics, Basil Blackwell, Oxford 1984.

- E.J.MISHAN : Introduction to Normative Economics, Oxford University Press, 1985.
- J.M.BUCHANAN : The Demand and Supply of Public Goods, Rand Mc Nally, 1968.
- R.CORNES AND SANDLER : The Theory of Externalities, Public Goods and Club Goods, Cambridge University Press, 1986.
- K.J.ARROW : Social Choice and Individual Values, John Wiley 1951.
- A.DOWNNS : An Economic Theory of Democracy, Harper and Row, 1957.
- D.C.MUELLER : Public Choice, Cambridge University Press, 1979.
- Module III
- C.ALLAN : Theory of Taxation, Penguin 1978.
- A.B.AIKINSON & J.E.STIGLITZ : Lectures on Public Economics, Mc Graw Hill, 1980.
- P.A.MUSGRAVE and C.SHOUP (ed) : Readings in the Economics of Taxation George Allen & Unwin 1970.
- R.A.MUSGRAVE and MUSGRAVE : Public Finance in Theory and Practice, 1973.
- R.DORFMAN : (ed). Measuring the Benefits of Government Investment, Brooking Institution, 1970.
- E.J.MISHAN : Cost-Benefit Analysis : An Informal Introduction, George Allen & Unwin 1982.
- P.PYHRU : Zero-based Budgeting : A Practical Management Tool for Evaluating Expenses, John Wiley 1973.
- Americal Economic Association : Readings in the Economics of Taxation, 1981.
- J.M.BUCHANAN : Public Principles of Public Debt : A Defence Restatement, Irwin, 1958.
- R.M.BIRD AND D.OLDMAN (ed) : Readings in Taxation in Developing Countries, 1967.
- Module IV
- W.A. BAUMOL : Public and Private Enterprises in a Mixed Economy, Macmillian 1980.
- A.J.AUERBACH and M.FELDSLEIR (ed) : Handbook of Public Economics, Vol.I, North-Holland, 1984.
- Particularly article by DIETER BOS : "Public Sector Pricing".
- L.P.JONES : (ed) Public Enterprises in Loss Developed Countries, Cambridge University Press, 1982.
- R.TURVEY : Economic Analysis and Public Enterprise, George Allen & Unwin, 1971.
- R.TURVEY : (ed) Public Enterprise : Selected Readings, Penguin 1968.

- S.T.COOK and P.M.JACKSON, Current Issues in Fiscal Policy,
Martin Roberts on, Oxford 1979.
- A.PEACOCK and S.K.CHAU: The Economic Theory of Fiscal Policy
George Allen & Unwin 1976.
- S.K.SOYAL (ed) Public Enterprises, Indian Institute
of Public Administration, 1990

Module V

- V.V.PORKAR: Income Tax Reform in India, Popular Prakashan, 1971
- D.N.DURVEDY (ed) Readings in Indian Public Finance,
Chaukhya Publications, 1981.
- V.P.GANDHI: Some Aspects of India's Tax Structure: An
Economic Analysis, Vera & Co., 1970.
- N.KALDOOR: An Expenditure Tax, George Allen & Unwin 1955.
- V.D.RAO: Responsiveness of the Indian Tax System 1960-61
to 1973-74, Allied 1979.
- M.J.K.THAVARAJ: Financial Administration in India, Sultan Chand,
1976.
- J.TOYE: Public Expenditure and Indian Development Policy
1960-'70, Cambridge University Press, 1981.
- R.J.CHELLIAH Etc. Trends and Issues in Indian Federal Finance,
National Institute of Public Finance and Policy,
1981.
- I.S. GULATI: Centre-State Financial Relations: An Assessment
of the Role of Finance Commissions, M.S.Univer-
sity, Baroda 1979.
- D.T.LAKSHWALA: Union-State Financial Relations, Lalvani
Publishing House, 1967.
- R.A.MUSGRAVEH Fiscal Federalism, Harcourt Brace & Jovanowich,
1972.
- R.J.CHELLA Fiscal Policy in Underdeveloped Countries,
George Allen & Unwin, 1971.
- Govt. of India : Report of the Committee on Taxation of
Agricultural Wealth and Income, 1972.
- Govt. of India: Report of the Indirect Taxation Enquiry
Committee, 1978.
- Govt. of India: Long Term Fiscal Policy, 1985
- Govt. of India : Report of the Finance Commissions.

OPTIONAL PAPER: INDUSTRIAL ECONOMICS

The Course intends to provide a thorough knowledge about the economics of industry in a cogent, analytical manner. Module I deals with concepts and tools of analysis which are to be used in the study of subsequent courses. Module II with generalized structural characteristics and theories of firms and policy, relating to finance, pricing and organisation. Module III covers location and other decisions in the industry and also issues in regional development. Industrialisation and economic development are included in Module IV. Module V covers the issues in Indian industry, policy and performance.

Module I Basic Concepts (15)

Concepts: Plant, Form, Conglomerate, Cartel, MTP Company, Industry, Industrial sector and Industrial structure - Economics of Scale U-Shaped and L-Shaped cost curves - Techniques of measurement-empirical evidence and its implications - Small Industry: Types of small industry-importance to Indian Economy-Postulates and empirical evidence. Technology: measuring of choice of techniques - issues - empirical evidence Traditional, Modern, intermediates and Appropriate technologies Industrial Growth Techniques of measurement.

Module II Theory of Firm, Organisation and Policy (35) Behavioural Theories

Objectives of the Firm - Marginal, Managerial and Behavioural Theories - Growth of Firms - Marginal Cost pricing Vs Full Cost pricing - Market structure, conduct and performance - Entry conditions and barriers - Monopoly and Concentration - Corporate form of organisation - Methods of Control - Pricing Decision: Allocation of common cost saving individual products Administered prices - pricing power and public interest - Financing and Investment decision Financial statements - ratio analysis industrial finance - types - Money and capital markets Financial institutions - Financial structure of the corporate sector - Risk and Uncertainty - Sensitivity analysis - OECD and UNIDO approaches to investment decisions.

Module III Location and Regional Development (15)

Industrial Location - Theories measures of localisation regional growth - measures of regional imbalance and backwardness-limitations.

Module IV Industrialisation and development (35)

Theory and Evidence - Patterns and phases of industrial growth and changes in Industrial Structure-International comparisons.

Module V Some Issues in Indian Industry.

Trends in Industrial growth of India - Objectives - Indian industry under plans Regime of Industrial Control and regulation - performance of Indian industry in the context of objectives of growth, efficiency and equity - Stagnation since mid 60s and various explanations for it - public sector - pricing - policies - joint sector - Industrial sickness, Capacity utilisation foreign collaboration, multi nationals - Indian Joint ventures abroad-recent liberalization trends.

REFERENCES

- Module I
I. J. AHLUWALIA: Industrial Growth in India Oxford University press, 1985.
R. PARTHASARATHY: Industrial Economics, Wiley Eastern, 1984.

P.J.DEVINE : An Introduction to Industrial Economics, George Allen & Unwin 1978.

PN.DHAR AND H.F.LYDALL : The Role of Small Enterprises in Indian Economic Development, Asia, 1961.

D.A.HAY AND D.J.MORRIS : Industrial Economics: Theory and Evidence, Oxford University Press, 1979.

J.C.SANDESAI : Small Industry in India; Evidence and Interpretation, Lala Lajpat Rai College, Bombay 1980

L.B.LAVE : Technological Change; Its conception and Measurement 1966.

Module II

P.W.S.ANDREWS AND T.WILSON (ed) Oxford Studies in the Price-Mechanism, Oxford University Press, 1951.

P.J.DEVINE : An Introduction to Industrial Economics, George Allen & Unwin 1978.

A.KOUTSOYIANNIS : Modern Micro economics, Macmillan 1979.

E.T.PENROSE : The Theory of the Growth of the Firm, 1968.

K.W.CLARKSON AND R.MILLER : Industrial Organisation : Theory, Evidence and Public Policy, Mc Graw Hill 1985.

F.M.SCHERER : Industrial Market Structure and Economic Performance Chicago University Press, 1971.

S.C.KUCHHAL : Industrial Economy of India, Chaitanya, 1980.

L.C.SUPTA : The Changing Structure of Industrial Finance in India, Oxford University Press, 1969.

J.GUTHMAN : Analysis of Financial Statements, George Allen & Unwin, 1958.

I.L.D. : How to Read a Balance Sheet, ILD, 1966.

M.Y.KHAN : Indian Financial System, Allied. 1981.

Module III

W.ISARD : Location and Space Economy, Wiley 1956.

D.M.SMITH : Industrial Location : An Economic and Geographic Analysis, Wiley, 1971.

M.D.GODBOLE : Industrial Dispersal Policies, Allied, 1978.

K.S.V MENON : Development of Backward Areas Through Incentives, Asia, 1971.

Module IV

R.BARTHWAL : Industrial Economics, Wiley Eastern 1984.

J.BHAGWATI AND P.DESAI : INDIA: Planning for Industrialisation, Oxford University Press, 1972.

P.K.GHOSH : Government and Industry, Oxford University Press, 1977.

S.C.KUCHHAL : Industrial Economy of India, Chaitanya, 1980.

J.S.BAIN : International Difference in Industrial Structure, 1966.

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Module V

I.J. AHLUWALIA . Industrial Growth in India, Oxford University Press, 1985.

A.BAGCHI AND M.MUKHERJEE (Ed) : Change and Choice in Indian Industry, Bagchi Publications, Calcutta, 1979.

J.Ā. SANDESARA : Industrial Growth in India : Performance and Prospects, Lala Lajpatrai College, Bombay 1982.

P.R.BRAHMANANDA AND V.R.PANCHAMUKHI (ed) : The Development Process of Indian Economy, Himachaya, 1987.

R.B.I. Foreign Collaboration in Indian Industry, 1985

M.Y.KHAN : Trends in Industrial Production - 1951 -77, RBI Occasional Papers 1980.

L.C.GUPTA : Readings in Industrial Finance, 1983.

J.C.SANDESARA : Size and Capital Intensity on Indian Industry 1969.

K.K.SUBRAMANIAM : Import of Capital and Technology, 1972.

R.K.HAZARI : The Structure of the Private Corporate Sector, 1967

G.ROSEN : Industrial Change in India, 1973.

M.K.DRON : Foreign Investments in India, 1970.

Govt. of India : Report of the Monopolies Enquiry Commission, 1965 Vol. I & II.

Optional Paper : AGRICULTURAL ECONOMICS.

The Overwhelming importance of Agriculture in the Indian Economy hardly needs to be emphasised. The paper on Agricultural Economics intends to highlight some of the central aspects of the Agricultural Economy of India in an analytical framework. Module I deals with the role of agriculture in a growing economy. Module II discusses the economics of agricultural production, highlighting the farm size-productivity relationship and the supply price relationship. Module III deals with the salient features of agricultural factor markets, bringing out the interlinkages involved therein. Module IV examines the factors determining the behaviour of agricultural prices in India and the problems of agricultural price policy. Module V focusses on interregional disparities in agricultural growth and productivity and the factors affecting the same.

Module I Agriculture in a Growing Economy (15)

Agriculture in a growing economy - Changing importance of agriculture - subsistence agriculture and its modernization - interdependence between agriculture and industry - Empirical evidence - Institutional changes and technological changes - Farming systems - traditional, subsistence, Commercial cooperative, collective, state farming.

Module II The Economics of Agricultural Production (15)

Production Functions in agriculture - Resource use efficiency Farm Size and productivity relationship in Indian Agriculture - Farm budgeting and cost concepts - Supply - Price relationship - Technical change and labour absorption.

Module III Agricultural Factor Markets (25)

Production Factors - Characteristics of factor markets - interlinkages between land labour, produce and capital markets in traditional and developing agricultural societies - Tenancy and cropsharing - mobility of labour and segmentation in labour markets - concepts and measurement of rural unemployment - Forced/distressed sales - Role of Capital and agricultural Credit - organised and unorganised (Formal and informal) credit and capital market - Mode of production debate in Indian Agriculture - agrarian structure - Rural class analysis - Uncertainty and crop insurance - Agricultural markets and marketing efficiency.

Module IV Determination and Behaviour of Agricultural Prices (25)

Behaviour of agricultural prices - Demand and supply of agricultural products and cob-web Cycles - price and income elasticity and stability - Marketable and marketed surpluses - (*) Agricultural commodities - stabilisation and support policies - Terms of Trade between agriculture and non-agriculture - Agricultural price Policy in India -

(*) Role of Public intervention in prices and distribution of -

Module V Factors affecting Agricultural Growth and Productivity (25)

Agricultural growth in India - Inter-regional variations in growth of output and of productivity - Agricultural growth in the State - Cropping pattern changes in India - Institutional changes - irrigation, power, seed and fertiliser - Priority of inputs - Problems of mobilisation of resources from agriculture.

REFERENCES

Module I

- B. DASGUPTA : The New Agricultural Technology in India, Macmillan 1980.
- J. BARRIS : Rural Development: Theories of present economy and Agrarian change, Hatchinson, 1982.
- Y. HAYAMI & V. RUTAN : Agricultural Development : An international Perspective, John Hopkins, 1971.
- T. W. SCHULTZ : Transforming Traditional Agriculture, Lyall Book Depot.
- N. SOOTHWORTH & A. JOHNSON : Agricultural Development and Economic Growth, Cornell University Press, 1967.

Module II

- K. BHARADWAJ : Production conditions on Indian Agriculture, Cambridge University Press, 1974.
- E. O. HEADY : Economics of Agricultural Production and Resource Use, Prentice Hall, 1961.
- C. H. HANUMANTHA RAO : Agricultural Production Functions, Costs and Returns in India, Tata Mc Graw Hill, 1965.
- A. RUDRA : Indian Agricultural Economics: Myths and Realities, Allied 1982.
- D. METCALF : The Economics of Agriculture, 1969.

Module III

- P. BARDHAN : Land, labour and Rural Poverty, Oxford University Press, 1984.
- K. BASU : Less Developed Economy A Critique of Contemporary Theory, Oxford University Press, 1984.
- A. BHADURI : The Economic Structure of Backward Agriculture, Macmillan 1984.
- K. BHARADWAJ : Production Conditions in Indian Agriculture, Cambridge University Press, 1974.
- D. THORNER & A. THORNER : Land and Labour in India, Asia 1962.
- ANORE DETEILLE : Studies in Agrarian Social Structure.
- SIPRA DASGUPTA : Class Relations and Agrarian Techniques in Indian Agriculture, 1980.

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land reforms credit structure marketing etc -
supply of inputs.

Module IV

- W. COCHRANE : Farm Prices - Myth and Reality. University of Minnesota Press, 1958.
- C. EICHER AND L. MITT (eds) Agriculture in Economic Development, Mc Graw Hill 1964.
- J. HARRIS : Rural Development Theories of Peasant Economy and Agrarian Change, Hetchinson 1982.
- A. MITRA : Forms of Trade and Class Relations, Frank Cass, 1977
- K. SUBBARAO & de JANVRY : Agricultural Price Policy and Income Distribution in India, Oxford University Press, 1985.
- C.H.H. RAO : Technological Change and the Distribution of Gains in Indian Agriculture, 1978.
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Module V

- G.S.BHALLA & Y.K. ALAGH : Performance of Indian Agriculture - A District wise Study, Sterling, 1979.
- M.L. DANTWALA (eds) : Agricultural Growth in India, Indian Society for Agricultural Economics, 1985.
- B. DASGUPTA : The New Agricultural Technology in India, Macmillan 1980.
- T. HAQUE & A.S. SIROHI : Agrarian Reforms and Institutional Changes in India, Concept, 1985.
- A.K. SEN : Levels of Poverty : Policy and Change, World Bank, 1980.
- R.K. SAMPATH : Economic Efficiency in Indian Agriculture, 1980.

Optional Paper : LABOUR ECONOMICS

The issues pertaining to wage theories and policies, employment, trade unions and industrial relations etc. have become vitally important in a developing economy like India.

The course in Labour Economics exposes students to theoretical issues like the labour market and wage determination as well as to the empirical issues like employment, trade unions and Industrial relations, particularly in the context of India.

Module I Labour Market (15)

Nature and characteristics of labour markets in developing countries like India - Paradigms of labour market - classical, neo-classical and dualistic - Analysis of demand and supply forces - Demand for labour relating to size and pattern of investment - choice of technology and government labour policies and their orientation - Supply of labour in relation to growth of labour force - Labour market process.

Module II Employment (15)

Employment and Development relationship - Importance of employment in the Context of poverty in the developing countries - Concept and measurement of unemployment - causes - Issues relating to employment, rationalisation, technological change and modernisation - Rural unemployment and educated unemployment - Employment Policy under the Five Year Plans - Evaluation of employment policy in India -

Module III Wage Determination : Theory and Practice (25)

Various partial, neo-classical and bargaining theories of wage determination - Various concepts of minimum wages - Fair, Living ~~Minimum~~ problems of implementation of minimum wages - Wage determination by sectors - urban and rural - organised and unorganised sectors - wage and non-wage components of labour remuneration - wage and productivity and wage and inflation relationship - Productivity and Profit sharing schemes - Wage differentials in terms of firm, industry, occupation, region, sex and skills - wage standardisation - Case studies - Wage Policy in India.

Module IV Industrial Relations and Trade Unions (25)

Growth of industrialisation and emergence of unionism - Theories of labour movement - Growth, Structure and pattern of trade unions in India - Comparative labour movements in U.K., U.S.S.R. and U.S.S.R. - Achievements and failure of trade union movement.

Determinants of industrial disputes - steps to achieve peace - Methods to prevent and settle industrial disputes - Collective bargaining, conciliation, arbitration, adjudication - Grievance settlement - Labour Participation in Management.

Module V State and Labour (25)

Increasing role of State in determination of labour matters - Labour Policy of the Government in the past - various social security and labour welfare measures adopted by Government - Comparative account of social security measures adopted in U.K., U.S.A. and U.S.S.R. - Important labour legislations in India and their implications - Impact of ILO - Government Policy towards agricultural labour, women and child labour and labour in unorganised sector.

REFERENCESModule I

HUNTER & HULVEY

A. FREEMAN

R.A. LESTER

C.R. Mc CONNELL & S.L. BRUE

B. Mc CORMICK & SMITH (eds)

L. REYNOLDS

E.B. JAKUBAUSKAS AND N.A. PALOMBA

A. REES

- : Economics of labour, Macmillan 1963
- : Labour Economics, 1962.
- : Economics of Labour, Macmillan, 1964.
- : Contemporary Labour Economics, Mc Graw Hill 1986.
- : The Labour Market, Penguin 1968.
- : The Structure of Labour Markets, Harper 1951.
- : Manpower Economics, 1973.
- : Economics of Work and pay, 1978.

Module II

N. DAS

L.K. DESHPANDE, P.R. BRAHM NANDA And E.A.G. ROBINSON (Eds)

R. JOLLY et al (Eds)

S. KANNAPPAN

A.K. SEN

- : Unemployment, Full Employment and India, Asia, 1960.
- : Employment Policy in a Developing Economy, Vols. I & II, Macmillan 1983
- : Third World Employment : Problems and Strategy, Penguin, 1973.
- : Employment Problems and Urban Labour Markets in Developing Nations, University of Michigan, 1983.
- : Employment, Technology and Development Oxford University Press, 1975.

Module IIIL.K. DESHPANDE & J.C. SANDESARA (Eds) : Wage Policy and Wage Determination in India, Bombay University, 1970.

J.T. DUNLOP (Eds)

J.R. HICKS

SUBRAMANIAM

T.S. PAPOLA

B.K. MADAN

- : Theory of Wage Determination, Macmillan, 1957.
- : The Theory of Wages, Oxford, 1932.
- : Wages in India, Tata McGraw Hill 19
- : Principles of Wage Determination, 1
- : The Real Wages of Industrial Labour in India, Management Development Institute, New Delhi, 1977.

- A. REES : Economics of Work and Pay, Harper, 1973
SANDSARA AND DESHPANDE : Wage Policy and Wage Determination in India
S. PALEKAR : Wage Policy and Economic Development, Asia, 1978.

Module IV

- C.A. Myers : Industrial Relations in India Asia, 1958.
S.D. PUNEKAR : Labour Welfare, Trade Unionism and Industrial Relations, Himalayas, 1978.
E.A. RAMASWAMY & U. RAMASWAMY : Industry and Labour, Oxford University Press, 1981.
A. REES : Economics of Trade Unionism, Nisbet, 1962.
H.A. TURNER : Wage Trends, Wage Policies and Collective Bargaining, Cambridge, 1965.

Module V

- C.B. MAMORIA : Labour Problems and Social Welfare in India. Kitab Mahal, 1966.
E.A. RAMASWAMY & U. RAMASWAMY : Industrial Relations in India Popular Prakashan, 1970.
K.N. VAID : Labour Welfare in India, Centre for Industrial Relations, Delhi, 1970
E. BOSERUP : Women's Role in Economic Development, 1971.

GENERAL

- RAY MARSHALL AND RICHARDS (Ed) : An Anthology of Labour Economics : Readings and Commentaries, Wiley, 1972.

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Optional Paper: INTERNATIONAL ECONOMICS

The Course aims at giving a thorough grounding to the students in the principles which govern international transactions in commodity, service and capital and the effects on domestic economy. The treatment of the subject is both in real and monetary terms for theoretical as well as applied problems. Module I gives the theoretical basis of the structure of real trade dealing with factors affecting supply, demand and international equilibrium within the classical, neoclassical and modern framework of analysis. Module II adopts a macro approach analysing the principles of commercial policy and covers the effect of commercial policy on welfare and income distribution. Module III deals with the interrelation between trade and development highlights the rule of foreign capital and of direct investment. Module IV takes up monetary aspects of international transactions. Problems of exchange rate, balance of payments and their repercussions are given a thorough treatment. Developments in international monetary system in related issues are also covered. Module V concentrates on trade, payments and debt problems and policies of India. With the help of tools acquired in earlier modules, the treatment of India's trade and payments problems should be as far as possible analytical rather than discipline.

Module I Pure Theory of International Trade (25)

Classical Theory: Absolute cost advantage and comparative cost advantage - modifications - views of Taussing - Demand and international equilibrium in terms of offer curve - Neo-Classical Theory: Opportunity cost and comparative advantage - Production possibilities frontier - Trade offer curves and terms of trade - Gains from trade - effect of trade on welfare - Modern Theory: Factor intensity and factor abundance - Factor intensity reversal - Factor proportions, factor price and commodity prices - Heckscher - Chin^o Theorem - Factor price equalisation theorem - Leontief Paradox - Linder's demand pattern hypothesis.

Module II Commercial Policy (20)

Free trade Vs Protection - Theory of Tariffs - effects of tariffs - partial effects and effects off income distribution - Stolper - Samuelson Theorem Optimum Tariff - Nominal and Effective Tariff - Effective Rate of Protection - Infant industry tariff - Quotas and other quantitative restrictions - State trading - Multiple exchange rates - commodity agreements - Theory of Customs Unions - Common markets - EEC and SAARC - GATT, UNCTAD - trade policies of less developed countries.

Module III Trade and Economic Development (20)

Comparative Cost Advantage in the context of growth and under developments - Factor growth and terms of trade - Rybzynski Theorem Technical Progress, terms of trade and welfare - Immiserizin growth - Domestic distertions and welfare - Terms of trade of primary commodity producing countries - Role of foreign capital in development - Issues in foreign direct investment - Multinational Corporations (MNC) - Theories of Imperialism - Unusual Exchange - Issues relating to Third World - NIEO.

Module IV International Monetary Theory (20)

Balance of Payments and its adjustment - Elasticities and Absorption approaches - Exchange rate determination - Managed Flexibility - Floating exchange rates - Transfers and Capital movements Bretton Wood System and its Collapse - Reforms Problems of international debt and management.

Module V India's Foreign Trade and External Economic Relation (20)

Foreign trade policies - Import substitution and export promotion - India's balance of payments during the plan period - Effect of domestic and international developments of India's balance of payments - India's international debt - policy of foreign capital, technology and foreign collaboration - Multinationals in India - regional economic cooperation.

REFERENCES

Module I

American Eco. Association : Readings in the Theory of International Trade, George Allen & Unwin, 1970.

M. CHACHOLIADES: International Trade Theory and Policy, Mc Graw Hill 1978.

W.M. CORDEN: Recent Developments in the Theory of International Trade, Princeton, 1965.

C.P. KINDLEBERGER: International Economics, U.S.S., 1988

J. BHAGWATI: "The Pure Theory of International Trade - A Survey" in Survey of Economic Theory, Vol. III, Macmillan.

B. SODERSTEN: International Economics, Macmillan.

H.R. HELLER: International Trade, Prentice Hall, Eastern Economy, Edn. 1988.

Module II

J. BHAGWATI: Theory and Practice of Commercial Policy, Princeton, 1968.

R.G. LIPSEY: The Theory of Customs Union, Widefold and Nicholson, 1970.

G.M. MELER: The International Economics of Development, Harper, 1968.

P. ROSSON (ed) : International Economic Integration, Penguin, 1971.

B. SODERSTEN: International Economics, Macmillian 1980

EVAN LUARD: The Management of the World Economy, Macmillan 1983

G.K. HELLEINER: International Economic Disorder - Essays in North - South Relations, Macmillan 1983.

DAVID GREEN WAY: International Trade Policy: From Tariffs to New Protectionism, Macmillan, 1983.

M.R. BARDHAN: Economic Growth, Development and Foreign Trade,
Wiley Interscience, 1970.

J. BHAGWATI (ed): International Trade: Selected Readings, Irwin,
1969.

SANDHYA LALL: The Multinational Corporations, FLBS 1983.

DUNNING: International Investment, 1972.

SAMIR AMIN: Unequal Development, OUP, 1976.

ANDRE GUNDER FRANK: On Capitalist Development, OUP 1976.

RANJIT SAU: Trade, Capital and Underdevelopment, OUP 1982.

RANJIT SAU: Unequal Exchange, Imperialism and Development, OUP 1982.

H.G. JOHNSON: Money, Trade and Economic Growth, Allen & Unwin 1969.

G.M. MELLER: International Economics of Development, Harper, 1969

B. SODERSTEN: International Economics, Macmillan, 1980

EVAN LUARD: The Management of the World Economy, Macmillan 1983.

HANS SINGER and JAVED ANSARI: Rich and Poor Countries, Allen
Unwin, 1983.

JEFFREY HART: The New International Economic Order, Macmillan, 1983.

E. PENROSE: The Large International Firm in Developing Countries,
1968.

Module IV

R.E. CAVES and JONES: World Trade and Payments; An Introduction,
Little Brown Company, 1973.

M. CHACHOLIADES : International Monetary Theory and Policy,
Mc Graw Hill, 1978

H.R. HELLER: International Monetary Economics, Prentice Hall, 1974.

F. MACHLUP: International Monetary Economics, Allen & Unwin, 1970.

G.M. MELER: Problems of a World Monetary Order, Oxford University
Press, 1982.

S.P. THIRLWALL: Balance of payments Theory and U.K. Experience,
Macmillan, 1982.

GRAHAM BIRD: The International Monetary System and the Less
Developed Countries, Macmillan 1982.

W.M. SCAMMELL: The International Economy Since 1945, Macmillan, 1988.

M. GRUBEL: The International Monetary System, 1970.

Module V

J. BHAGWATI and P. DESAI: India: Planning for Industrialisation,
Oxford University Press, 1972.

J. BHAGWATI and T. SRINIVASAN: Foreign Trade Regime and Economic Development, Macmillan 1976.

P.R. BRAHMUNAANDA and V.R. PANCHAMUKHI (ed). The Development Process of the Indian Economy. Himalaya, 1987.

D. NAYYAR: India's Exports and Export Policies in the 1960s, University Press, 1976.

V.R. PANCHAMUKHI: Trade Policies of India: A Quantitative Analysis, Concept, 1973.

R.B.I. Foreign Collaborations in Indian Industry, 1925.

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Syllabi for M.A. (Final) Degree Exam 1994
(1992 admissions)

OPTIONAL PAPER: WELFARE ECONOMICS

Welfare Economics is the framework within which the normative significance of economic events is evaluated. It serves as a foundation to many applied branches of economics such as public finance, cost-benefit analysis and the economics of government policy. The four modules of this paper are aimed at bringing to the students a thorough understanding of the latest developments in the field. Module I is concerned with measurement of economic welfare and extension of consumer choice theory. Module 2 covers Welfare Economics and General Equilibrium. Familiarity with General Equilibrium Theory is a pre-requisite for covering this Module. Social Welfare Function is the subject of Module 3. Module 4 covers topics in Applied Welfare Economics.

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Module I: * Measurement of Economic Welfare (10)

Economic welfare and general welfare - Utilitarian economics - Value judgements - Interpersonal comparison of utility - Consumer surplus measures of economic welfare - Recent developments in consumer choice theory - indirect utility function, compensating and equivalent variations, money-metric - Index numbers and consumer surplus - index numbers and money-metric - Extension of consumer choice theory to include inter-temporal choice, uncertainty, quantity constraints.

Module II: * Welfare Economics and General Equilibrium (30)

(Note: Familiarity with General Equilibrium Theory is a pre-requisite)

Pareto optimality and market equilibrium - Fundamental theorems of welfare economics - compensation principles - Extending the fundamental theorems to inter-temporal and uncertain setting - Market failure - imperfections, externalities, public goods, informational asymmetries - Theory of second-best.

Module III: * Social Welfare Function (20)

Arrow impossibility theorems - Welfare economics and social choice theory - Voting systems - Implications of Rawls' theory of justice for welfare economics - Political process and welfare economics - Democracy and welfare economics - Down's model - Pressure groups - Politico-economy interactions (Political Business Cycles) - Bureaucracy and economic welfare.

Module IV: * Applied Welfare Economics (35)

Taxation and economic efficiency - Distortionary effects of taxes - Deadweight losses - measurement of deadweight losses - Lump-sum taxes versus distortionary taxes - Optimal redistributive taxation - redistribution through commodity taxes - Cost benefit analysis - evaluation of benefits - choice of social discount rates - Output and price policy of public enterprises - welfare implications of marginal cost pricing - Natural resources, environmental problems and welfare.

REFERENCES

Module I:

Boadway, R.W. and N. Bruce (1984). Welfare Economics, Basil Blackwell, Oxford.

Deaton, A. and J. Muellbauer (1980), Economics and Consumer Behaviour, Cambridge University Press, Cambridge

Just, R.E., D.L. Hueth and A. Schmitz (1982), Applied Welfare Economics and Public Policy, Prentice Hall Inc., Englewood Cliffs

Mckenzie, G.W (1983), Measuring Economic Welfare - New Methods, Cambridge University Press, Cambridge.

Mishan, E.J. (1969), Welfare Economics: An Assessment, North Holland, Amsterdam.

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Quirk, J. and R. Saposnik. (1968), Introduction to General Equilibrium Theory and Welfare Economics, McGraw-Hill, New York.

Stiglitz, J.E. (1986), Economics of the Public Sector, WW Norton, New York, 1986.

Module III:

Arrow, K.J. (1951), Social Choice and Individual Values; Yale University Press, New Haven.

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Doel, H. (1979), Democracy and Welfare Economics, Cambridge University Press, Cambridge, 1979.

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Foldman, A.M. (1980), Welfare Economics and Social Choice Theory
Martinus Nijhoff, Boston.

Frey, B. (1978), Modern Political Economy, Martin Robertson, Oxford
Mueller, D.C. (1979), Public Choice, Cambridge University Press,
Cambridge.

Sen, A.K. (1970) Collective Choice and Social Welfare, Holden-Day
San Francisco.

Module IV

Atkinson, A.B and J.E. Stiglitz (1980), Lectures on Public
Economics, McGraw-Hill, New York.

Baumol, W.J. and W.E. Oates (1975), The Theory of Environmental
Policy, Prentice Hall, Englewood Cliffs.

Dasgupta, P. (1982), The Control of Resources, Basil Blackwell,
Oxford.

Nelson, J.K, (ed.), (1984) Marginal Cost Pricing in Practice,
Prentice Hall, Englewood Cliffs.

Stiglitz, J.E. (1986), Economics of the Public Sector, WW Norton,
Norton, New York.

Turvey, R. (1971), Economic Analysis and Public Enterprises,
George Allen and Unwin, London.

OPTIONAL PAPER: HISTORY OF ECONOMIC THOUGHT

The paper is recommended as an essential input into the training of a student specialising in Economics. Its purpose is not merely to acquaint the student with economic ideas and how they developed overtime, but also to provide the student with training in the evolution of social thought in which economic thought is only a part. It would also enable the students to obtain an introduction to economic history in a general way, and help them in developing their own ideas and in articulating them.

Module 1 deals with early period from the times of Greek Philosophers to the Physiocrats. The Classical Period is included in Module 2. Module 3 covers the later period from the utilitarians to Keynes and institutionalism. The Indian Thought is the subject of Module 5.

Module 1: * Early Period (15)

Greek and Roman Writers: Plato and Aristotle - Roman Philosophers, Jurists and Agricultural writers: Middle Ages: The Doctrines of the Church: St. Thomas Aquinas - Qualified Acceptance of Trade - just Cost and just Price Doctrines - Views on Interest; Mercantilists; Adam Smith's Forerunners: (a) Petty, Locke, Hume, Cantillon, Stuart (b) Physiocracy: Natural Order - Agriculture and Net Product - Social Classes - Tableau - Taxation - Turgot.

Module 2: * The Classical Period (40)

General: Adam Smith as Father of Economic Science - The Classical School - Points of Similarity and Difference on main Ideas: Adam Smith: Division of Labour - Theory of Value - Paradox, Substance and Measure - Distribution - General and Individual - Productive and Unproductive Labour - Economic Progress - Natural and Contrived - Critique of Mercantilism - Laissez faire - Public Finance; Ricardo: Value-Distribution - Economic Development - Views on Machinery - Comparative Advantage; Malthus: The Principle of population - proposals to check population Growth - Ricardo-Malthus Controversy on Say's Law of Markets; German Romantics and Socialists: Critique of the classical thought - Sismondi; Marx: Method - Stages of Society - Theories of Value, Surplus and Competition - Accumulation and crises - Breakdown of the Capitalist System - Marx as a Classical writer and as a critic; Other Contributions: (a) The Historical School The Battle of Methods and Differences in the School (B) Say, Cournot, Thunon, James Mill, McCulloch, Senior, John Stuart Mill: An Overview: Thought as it was between 1780 and 1870.

Module 3 * The Later Period (30)

General: Principal contributions - Utility, Margin, Value, Distribution, Economic Policy - Similarities and Differences with the Previous Thought - The Problem of Naming - Evolution/Revolution, Post-Classical/Neoclassical, English/Austrian School; Founders: Gossen, Jevons, Menger, Walras; Other Writers: Weiser, Bohm-Bawerk, Pareto, Wicksell, Clark, Fisher; Marshall: As a Synthesiser - Method - Value and Role of Time - Consumer's Surplus - Distribution - Marshallian Concepts - Elasticity, Substitution, Prime and Supplementary Costs, Representative Firm, External/Internal Economies,2/-

/Mercantilism, Main Principles -
Thomas Mun - Earlier and Later.

Quasi-rent, Real Cost and Expenses of Production, Organization as a Factor of Production, Nature of Profits: Pigou, Keynes and Schumpeter: Basic thoughts; vablen: Institutionalism.

Module 4: * Indian Thought (20)

Kautilaya: Economic Thought during the medieval period - Naoroji, Ranade, R.C. Dutt, M.N. Roy (Democratic Decentralisation), Valluvar, National Planning Committee (Population, Development, Planning); Gandhi: Wants and Austerity - 'Sarvodaya' - Village 'Swaraj': Full Employment - Place of Machines - 'Swadeshi', Self - sufficiency - Khadi and Village Industries - Cooperation - Trusteeship.

REFERENCES

Module 1, 2 & 3:

- 1) Backhouse, R. (1985), A History of Modern Economic Analysis, Basil Blackwell, Oxford.
- 2) Blaug, M. (1978), Economic Theory in Retrospect, 2e, Cambridge University Press, Cambridge.
- 3) Dasgupta, A.K. (1985), Epochs of Economic Theory, Oxford University Press, Delhi.
- 4) Ekelund R.B. and R. Hebert (1983), A History of Economic Theory and Method, 2e, McGraw-Hill, London.
- 5) Gide, C and G Rist (1956), A History of Economic Doctrines 2e, George Harrop and Company, London.
- 6) Gray, A. and A.E. Thompson (1980), The Development of Economic Doctrine, 2e, Longman Group, London.
- 7) Rima, I. (1978), Development of Economic Analysis, 2e, R.D. Irwin, Homewood.
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Module 4:

- 1) Gandhi, M.K. (1938), Economics of Village Industries, Navjivan Publishing House, Ahmedabad.
- 2) Gandhi, M.K. (1947) India of My Dreams, Navjivan Publishing House, Ahmedabad.
- 3) Ganguli, B.N. (1977), Indian Economic Thought: A 19th Century-Perspective, Tata McGraw-Hill, New Delhi.
- 4) Gupta, J.N., ed., (1971), R.C. Dutt - Life and Works, London.
- 5) Kautilya (1951), Arthashastra, tr. by R. Shama Sastry, Romond Printing Press, Mysore.
- 6) Roy M.N. (1964), Memoirs, Allied Publishers, Bombay.

OPTIONAL PAPER: ECONOMICS OF INFRASTRUCTURE

This paper is basically concerned with providing the students with an idea of what is meant by Social Overhead Capital (SOC). This concept has become as important as Directly Productive Activities (DPA) in so far as stepping up the rate of growth of national income is concerned. The paper is split into 8 modules. Module 1 is essentially an introduction and deals with the problem of pricing of public utilities. Module 2 is concerned with Transport Economics and covers concepts such as demand for transport, modal choice, Cost-Benefit analysis, valuation of travel etc. Module 3 deals with the communications Sector. Module 4 deals with Energy Economics consisting of demand for energy, energy modelling, optimal energy policy etc. Module 5 deals with electric power system, water utilities and natural gas. Module 6 deals with social infrastructure with a detailed analysis of its financing and development. Module 7 deals with the Economics of Education with special emphasis on education planning, manpower balances and HRD. Module 8 deals with the Economics of Environment very briefly and provides the relevance of "Limits to Growth" argument in the Indian Context. This paper could be optimally combined with those on health economics, and Urban Economics for those who desire to obtain a broad perspective of the concept of social infrastructural economics.

Module I: * Pricing of Public Utilities (15)

Special characteristics of Public Utilities - The case for nationalisation - The peak-load problem and the dual pricing controversy - Marginal cost pricing vs. other methods of pricing in public utilities.

Module II: * Transport Economics (25)

Transport economics - The structure of transport costs and the location of economic activity - The rationale of government intervention in the transport sector - Demand for transport - Models of freight and passenger demand - Model choice - Cost functions in the transport sector - Pricing principles - Cost-benefit analysis in the transport sector - valuation of time-savings - Special problems of individual modes of transport and inter-modal coordination in the Indian context.

Module III: Communications (10)

Communications - rate making in telephone utilities - decreasing cost principle in the telephone industry - Characteristics of postal services - Criteria for fixation of postal rates - Measuring service standards in the telephone and postal utilities.

Module IV *: Energy Economics (15)

Energy and Economic Development - Factors determining demand for energy - Effects of energy shortages - Conservation of energy - Renewable and non-conventional sources of energy - Energy modelling - The search for an optimal energy policy: the Indian context.

Module V: Electricity, Gas and Water Supply (10)

Electric power systems - Bulk supply and pricing of electricity - Power development in India with special emphasis on rural electrification - The relative economics of Thermal, hydel and nuclear power plants - The case for a national power grid - Water utilities and the issue of municipal ownership - financing water utilities - urban and rural water supply - The exploitation of natural gas - pricing problems - The relevance of the marginal cost principle.

Module VI: * Social Infrastructure (10)

The concept of social infrastructure - Financing and organization of the supply of social services - Private vs. public sector financing - Earmarked vs. General fund financing - Pricing of social services - Fees, costs and charges - The development of social services in the successive plans in India.

Module VII: * Economics of Education (10)

Economics of education - Education and economic growth - Approaches to educational planning - Social demands, rate of return and manpower balances approaches - The case for universal free primary education - The problems of financing of higher education in India - The New education policy - Human Resources Development.

Module VIII: Economics of Environment (10)

Economics of environment - Air and water pollution urbanization housing and slums - Forest depletion and soil erosion - The relevance of the 'limits to growth' argument in the Indian context.

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OPTIONAL PAPER: HEALTH ECONOMICS

Health Services constitute one of the major components of the Social infrastructure. They are provided under different organisational structures. These health service providers are, in general, non-profit organisations and hence the traditional theory of the firm is not applicable. The demand for health services is determined not by the consumer but by his physician. Hence the traditional consumer demand theory is not applicable. Health services are provided as merit goods giving rise to specific problems in public finance. Health insurance and other forms of financing also become relevant. In particular, the issue of mobilising finances through developmental financing is engaging the attention of economists.

It is the objective of this Course to acquaint the student with all these and related aspects of applying economic reasoning to resource allocation problems of the health sector. Module 1 deals with national and international health scene. Resource allocation in the health sector is the subject covered in Module 2. Module 3 deals with evaluation of Benefits and costs of health services. Module 4 takes up financing of health services and discusses alternative payments systems and role of development financing institutions in financing health services.

Module I: The National and International Health Scene (25)

Health output and input indicators and their correlation with the level of economic development and with the public expenditure on health - Sources of health statistics and a critical appraisal of their usefulness and limitations - A review of the Indian National Health Policy and a discussion of other feasible alternatives.

Module II: * Resource Allocation in the Health Sector (40)

Resource allocation problems in private and government hospitals - Resource allocation problems facing a private practitioner - The problem of multiple services of a hospital - pricing of these services and the choice of the mix of services - The trade-offs between quantity and quality - Production function, productivity - efficiency and equity considerations applied to the hospital sector spatial distribution of health care facilities and services - The demand for health services and the role of the physician - the pharmaceutical companies and health insurance on this demand.

Module III: * Evaluation of Benefits and Costs of Health Health Services (20)

Private benefits and private costs of providing health services - The failure of the market to provide essential health services - The provision of health services by the Government - The application of benefit cost analysis to public health and family planning projects - The role of health in economic development - Value of output lost due to number of sick days - Benefits and costs (both private and social) of training professional manpower such as physicians, dentists, pharmacists and nurses.

Module IV: Financing of Health Services (20)

A review of per capita private and public expenditure on health services over time and in different parts of the country - An analysis of the sources of (public) finance for health - The need for a general health insurance - The need for a social health insurance for the poor, disabled, and the aged - A comparative analysis of alternative payment systems such as health insurance,

pre-payment scheme, savings-linked insurance system, etc. -
Financing health services through specific (health cess) and
general (direct and indirect taxes) local government revenues -
The role of development financing institutions in financing
health services.

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OPTIONAL PAPER: ECONOMETRIC METHODS AND
APPLICATIONS

The emphasis in this course will be on concepts, methods and applications rather than on mathematical derivations and proofs. Module 1 makes a review of Regression Analysis. Generalized Least Squares and Non-Linear Estimation are covered in Module 2 and 3. Distributed Lag Models are covered in Module 4 while Module 5 gives exposition to Linear Simultaneous Equation Models. The final Module deals with econometric applications.

Module I: * Review of Regression Analysis (25)

General Linear Regression Model - Least Squares and Maximum Likelihood Estimation - Forecasting, Hypothesis Testing and Interpretation - Dummy Explanatory variables. Model Diagnostics - Multi Collinearity, Auto correlation and Heteroscedasticity.

Module II: * Generalized Least Squares (10)

Aitken's theorem on GLS - Feasible GLS and its properties - heteroscedasticity-test and solutions - auto-correlation-tests and solutions - SURE method.

Module III: * Non-Linear Estimation (10)

Non-linear least squares - ML estimation - Newton-Raphson and Gauss-Newton methods of iteration - Estimation of models with binary dependent variables - logit models.

Module IV: * Distributed Lag Models (15)

Concept - Koyck model - partial adjustment and adaptive expectations models - rational distributed lag model - Estimation of Koyck and rational distributed lag models - Tests of auto-correlation in auto-regressive Estimation of polynomial distributed lag models.

Module V: * Linear Simultaneous Equation Models (20)

Structural form and reduced form - Concept of identification order and rank condition of identification - identification through restrictions on the covariance matrix of structural disturbances - recursive models - Methods of Estimation: OLS, 2SLS, IV, 3SLS and FIML methods with properties - Forecasting and simulation.

Module VI: * Econometric Applications (25)

Estimation of system of demand equations - Estimation of flexible forms of the production function - Estimation of Macro-econometric models.

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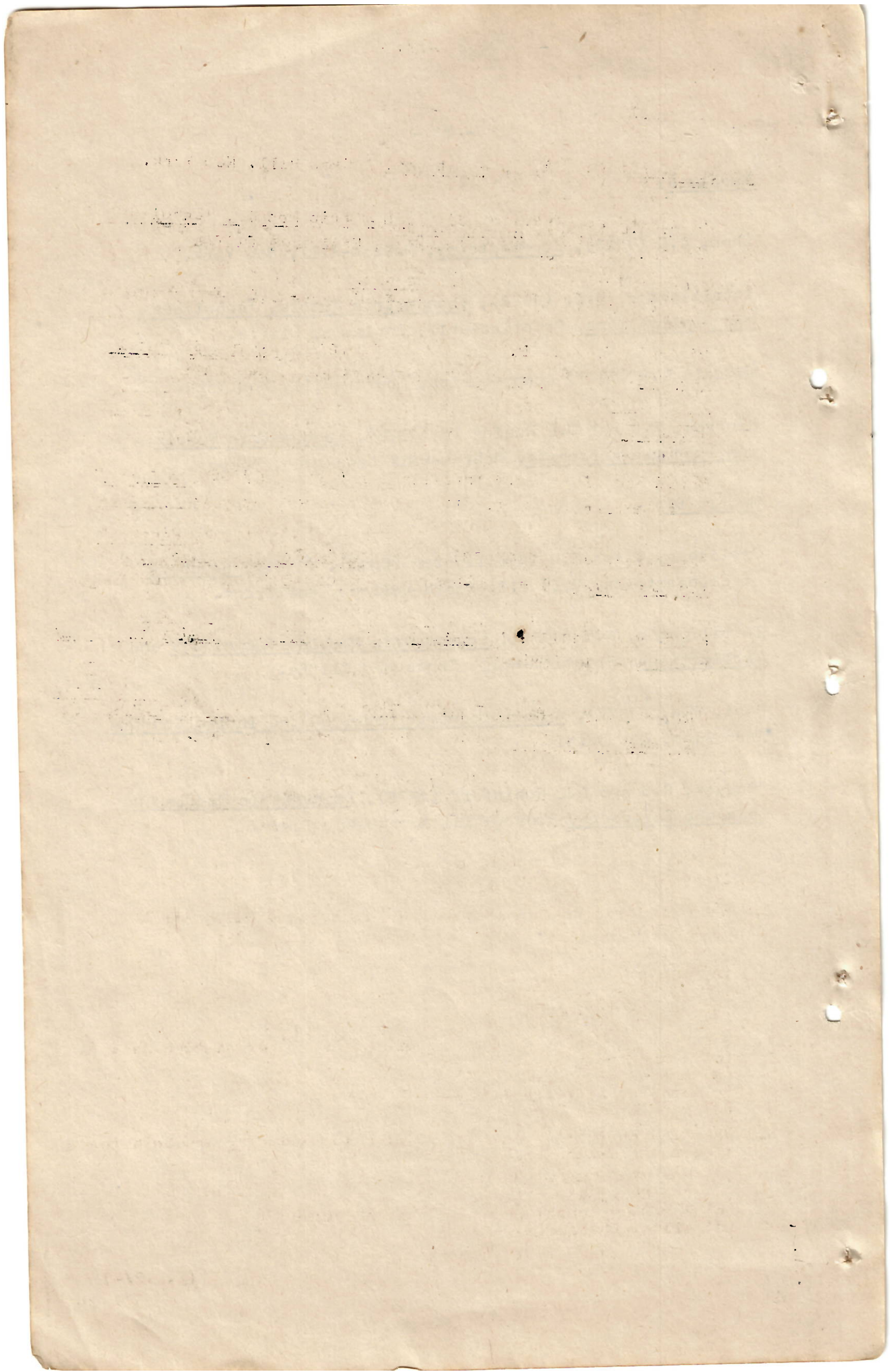
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Model Question Paper
M.A. Degree Course in "Analytical Economics"
(Alternative Scheme)

Core Paper I Economic Theory I

Time : Three Hours.

Maximum Marks : 150

Notes : (1) Answer all questions from Part-I.
Answer any five questions from Part-II
Answer any three questions from Part-III

(2) Each question in Part-I carries 1 mark
Each question in Part-II carries 10 marks
Each question in Part-III carries 25 marks

Part-I

Answer all the following questions
Each question carries 1 mark
For each of the questions 1-5 is followed by 4
alternative answers. Select the choice which best
answers the questions.

I. Choose the correct answer :

1. Stable equilibrium refers to a situation where
 - (a) the economy is at rest
 - (b) once there is a disturbance, forces are generated which bring it automatically back to equilibrium
 - (c) Where all variables are stationary
 - (d) None of the above.
2. The Revealed Preference theory of demand is based on :
 - (a) Strong Ordering
 - (b) Weak Ordering
 - (c) Both weak and strong ordering
 - (d) Neither of the two
3. When the price of a substitute of commodity X falls, the demand for X
 - (a) rises
 - (b) falls
 - (c) remains unchanged
 - (d) any of the above
4. The distinguishing feature of monopolistic competition is :
 - (a) Homogeneous product
 - (b) reaction to rivals
 - (c) product differentiation
 - (d) none of the above.
5. When the perfectly competitive firm and industry are both in long run equilibrium.
 - (a) $P = MR = SMC = LMC$
 - (b) $P = MR = SAC = LAC$
 - (c) $P = MR =$ lowest point on the LAC curve
 - (d) all of the above.

(....2/-)

II. State whether the following statements are true or false:

6. Price elasticity of demand is change in demand due to a change in price.
7. At the producer's equilibrium the isoquant is tangent to the isocost.
8. The distribution of two commodities between two individuals is said to be Pareto optimal
9. Ricardian theory of distribution assumes wages are given
10. While drawing the Production Possibility Curve we take labour on the x - axis and capital on the y - axis.

III. Fill in the blanks:

11. Substitution effect in the case of indifference curve theory of demand is always _____.
12. The Cobb-Douglas production function is _____ of degree one
13. Price rigidity is explained by _____ curve model.
14. Elasticity of technical substitution = _____
15. Given the supply of a commodity in the market, the price of the commodity is determined by _____ alone.

IV. Match the following:

- | | | |
|---------|---|---|
| 16. (i) | Introspective Cardinalist demand theory | (a) Paul A. Samuelson |
| (ii) | Behaviourist Cardinalist demand theory | (b) J.R. Hicks |
| (iii) | Introspective Ordinalist demand theory | (c) Alfred Marshall |
| (iv) | Behaviourist ordinalist | (d) Von Neuman & Morgenstern |
| 17. (i) | Substitutes | (a) indifference curve for such a good is L-shaped |
| (ii) | Complements | (b) demand is inelastic |
| (iii) | Giffen Good | (c) indifference curve is downward sloping straight line |
| (iv) | Necessity | (d) negative income effect outweighs the positive substitution effect |
| 18. (i) | Linear Isoquant | (a) discontinuous isoquant with corner points |
| (ii) | Input-output Isoquant | (b) Smooth Isoquant |
| (iii) | Linear Programming Isoquant | (c) L-Shaped Isoquant |
| (iv) | Convex Isoquant | (d) Straight line isoquant. |

..3..

19. (i) J. Bain (a) Sales maximisation-hypothesis
(ii) W.J. Baumol (b) Kinky Demand Curve Model.
(iii) Chamberlin (c) Limit Pricing Theory
(iv) Paul M. Sweezy (d) Duopoly.
20. (i) Efficiency of distribution (a) $MRS_{xy} = P_x/P_y$
(ii) Efficiency of allocation of factors among firm producers (b) $MRPT_{x,y} = MRS_{xy}^A = MRS_{x,y}$
(iii) Efficiency in the composition of output (c) $MRTS_{L,K}^X = MRTS_{L,K}^Y$
(iv) Welfare maximisation & Perfect competition (d) $MRS_{xy}^A = MRS_{xy}^B$

V. Answer in one sentence

21. Write down the stability condition of the neo-keynesian Macro theory of distribution.
22. Define Hicks neutral technical progress.
23. Between which group of economists did the capital measurement controversy take place ?
24. Name the book written by Sraffa
25. What is meant by the adding up Problem? (1 x 25 = 25)

Part-II

VI. Answer any FIVE questions.

Each answer should not exceed 500 words.
Each question carries 10 marks.

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26. What is meant by a model? How are they useful in economics?
27. Discuss the Linear Expenditure System.
28. Describe briefly the Cobb-Douglas Production function.
29. Explain the price leadership model of oligopoly
30. Give the extensions made to the limit pricing theory by Sylos Labini.
31. Elucidate the principles of public utility pricing.
32. Describe the Walrasian general equilibrium system and the tatonnement process.
33. Distinguish between neutral technical progress and biased technical progress.

(10 x 5 = 50)

.....4

Part-III

VII. Answer any three questions.

Each answer should not exceed 1200 words.
Each question carries 25 marks.

.....

34. Compare and contrast the Marshallian and Hicksian theory of demand.
35. Critically discuss the Sales Maximisation hypothesis.
36. Describe the Sraffa system bringing out the difference between basic, non-basic and standard commodity.
37. Bring out the main features of the Neo-Keynesian macro theories of distribution.
38. State Arrow's Impossibility Theorem, and the later developments in welfare economics.

(25 x 3 = 75)

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Model Question Paper

M.A. Degree Course in "Analytical Economics"
(Alternative Scheme)

Core Paper III - Economic History

Time: Three Hours.

Maximum Marks: 150

- Notes: (1) Answer all questions from Part-I.
Answer any five questions from Part-II.
Answer any three questions from Part-III.
- (2) Each questions in Part-I carries one mark.
Each questions in Part-II carries 10 marks.
Each questions in Part-III carries 25 marks.

.....

Part - I

Answer all the following questions.
Each questions carries 1 mark.

.....

- I. Choose the correct answers.
1. Indian cotton was first exported to England in _____.
(1650, 1725, 1790, 1800)
 2. Who made the separation of Executive and Judicial duties in 1793? (Clive, Warran Hastings, Lord Cornwallis; Akbar)
 3. Towards the close of the 18th Century, which province in India continued to generate huge surplus for the British Administration? (Bombay, Madras, Bengal, None)
 4. What do you say about the Land Tax in Bengal levied by the British Administration compared to that levied by the previous Muslim rulers? (both levied enormous Land Taxes; both levied light Land Taxes; Britishers levied more; British levied less)
 5. In 1765, who obtained from the Emperor of Delhi a charter making the East India Company the Dewan or administrators of Bengal?
(Clive; Wellesley; Cornwallis; Mountbatten).
- II. Say True or False
6. After 1763, the British had no European rivals in India.
 7. The Permanent Zamindari Settlement of the land revenues of Bengal aimed at securing the prosperity and happiness of British subjects in India.
 8. The land system in Bengal in the eighteenth century was similar to that in England.
 9. Like the Delhi Sultanate, the Mughal emperors granted the revenues of particular areas of land to individuals, generally for life and always subject to resumption or reduction.
 10. It was the policy of the English East India Company to foster Indian industries.

.....2.

III. Fill up the blanks :

11. was the builder of the Red Fort, the Jumma Masjid and the Moti Masjid.
12. The first land settlements in Madras were made in the Circars
13. In the year the Court of Directors directed that a Committee of Circuit should be appointed to inquire into the State of the Northern Circars, in order to ascertain the population, the produce, and the State of manufactures as well as the gross revenues of the states and the customary rights of Zamindars and cultivators
14. The Act placed the administration of the Company outside the control of the Crown.
15. In the Northern Circars, besides Zamindari lands, there were certain demesne or household lands of the Government known as lands

IV. Match the following.

- | | | |
|------------------------------------|---|---------------------|
| 16. Committee of Circuit | - | Cornwallis |
| 17. Battle of Plassy | - | Mughals |
| 18. Permanent Zamindari Settlement | - | Sultans |
| 19. Jagirs | - | Clive |
| 20. Iqta | - | Sir Thomas Rumbold. |

V. Give the years of the following events

21. Introduction of the Ryotwari system in the Madras Presidency
22. Death of Aurangzeb
23. The English East India Company was founded
24. The British Parliament passed the Regulating Act
25. Warren Hastings became the first Governor General of India

Part - II

VI. Answer any five questions

Each answer should not exceed 500 words
each question carries 10 marks.

26. Distinguish between a customary economy and a command economy
27. What is the function of economic history ?
28. Give a critical review of the historical material relating to the Indian economy during the period 1500-1800.
29. Describe the role of the state in the economy of the Mughal period.
30. What kind of agrarian technological change did India experience during the Mughal period ?

31. Briefly explain the organisation of manufacturing in the period 1500-1800.
32. Write a note on the impact of the British conquest of Bengal on the structure of Asian trade.
33. Describe the methods of historical research!

Part - III

VII. Answer three questions

Each answer should not exceed 1200 words.
Each questions carries 25 marks.

34. Compare and contrast the fiscal policies and patterns of Mughal India and South India.
35. Describe the tenurial relations and crop patterns of the Mughal Empire.
36. Explain the evolution and structure of trade between Asia and Europe till the end of the nineteenth century.
37. What was the nature of the industrial structure in the period 1500-1800 ?
38. Explain the impact of the development of trade on the agrarian structure of India during 1500-1800.

Model Question Paper

M.A. Degree Course in "Analytical Economics"
(Alternative Scheme)

Core Paper IV - DEVELOPMENT ECONOMICS

Time : Three Hours

Maximum Marks : 50

Notes : (1) Answer all questions from Part-I
Answer any five questions from Part-II
Answer any three questions from Part-III

(2) Each question in Part - I carries 1 marks
Each question in Part - II carries 10 marks
Each question in Part - III carries 25 marks

Part I

Answer all the following questions
Each question carries 1 marks

For each of the questions 1 - 5 is followed by 4
alternative answers. Select the choice which best
answers the question.

1. Which one of the following is not a characteristic of the LDC
 - (a) Low per capita income
 - (b) high birth rate
 - (c) Small share of Primary goods in total exports
 - (d) income from primary exports fluctuates quite sharply.
2. Which one of the following is correct when Lorenz curve is identical with the line of exact equality.
 - (a) there is greater inequality
 - (b) there is no inequality
 - (c) there is less inequality
 - (d) there is moderately high inequality
3. Which one of the following is not an assumption of the Harrod Domar growth model.
 - (a) constancy of saving ratio.
 - (b) fixed technological relationship between capital stock and income flows
 - (c) absence of lags
 - (d) existence of trade
4. Which one of the following is not a crucial feature of Kaldor Mirrlees model
 - (a) flexible saving ratio
 - (b) fixed capital - output ratio
 - (c) discard the production function approach
 - (d) assumes full employment and perfect competition
5. Which one of the following is not a trading block
 - (a) ASEAN
 - (b) ASPAC
 - (c) CACM
 - (d) UNCTAD

For equations 6 to 10, some of the statements are true and some are false. Find the correct answer and state "True" or "false"

- 6. According to Adam Smith economic development is not a sudden or abrupt process, it is gradual and cumulative process leading to the emergence of a stationary state (True/False)
- 7. For Ricardo wages and rents are the primary sources of accumulation and profits only the secondary source (True/False)
- 8. Population explosion is a phrase which is commonly used to describe the prevalence of high crude birth rates with high death rates in LOCs. (True/False)
- 9. Bilateral financing could be tied while a large part of multi-lateral financing is untied (True/False)
- 10. Planning takes place through inducement rather than control and such kind of democratic planning is called indicative planning (True/False)

Questions II - 15 fill up the blanks

- 11. The theory which is advanced by Nelson to explain the relationship between population and income growth is known as
- 12. Marketed surplus is the difference between total food production and total food
- 13. The balanced budget multiplier states that if the tax (T) and expenditure (G) by the Government rise by, say Rs. 100 crores, national income (Y) will also rise by Rs.
- 14. The dual-gap consists of two parts, namely, the savings gap and the gap.
- 15. Mundell starts off with the basic quantity theory equation to show the relationship between and economic growth.
- 16. Which one of the following pairs is not correctly matched.
 - (a) Adam Smith - Invisible hand
 - (b) David Ricardo - Stationary state
 - (c) Karl Marx - relative surplus population
 - (d) H.W. Singer - unbalanced growth.
- 17. Which one of the following pairs is not correctly matched.
 - (a) Minimum critical effort thesis - Leibenstein
 - (b) MRIS Criterion - Leibenstein
 - (c) Balanced growth - Hirschman
 - (d) unbalanced growth - Rostow.
- 18. Which one of the following pairs is not correctly matched.
 - (a) Marginal growth contribution criterion - Otto Eckstein
 - (b) Minimum capital output ratio criterion - AE Kahn
 - (c) MRIS Criterion - Leibenstein
 - (d) Capital turn over criterion - Chenery
- 19. Which one of the following pairs is correctly matched.
 - (a) A Source of multi-lateral assistance - IDA
 - (b) Non-discriminatory reduction in barriers to world trade - UNCTAD
 - (c) The Pressure group for trade Preference for LDC's exports - GATT
 - (d) Compensatory Financing Facility - IFC

: 10 :

20. Which one of the following pairs is not correctly matched.
- (a) SOR - to meet the International liquidity crisis
 - (b) Joint Ventures - one of the forms of transfer of technology to LDC's.
 - (c) IBRD - supplementary Financing Scheme
 - (d) Dual - maximization of profit problem

Answer in one sentence :

- 21. Development gap
- 22. The prior-savings approach
- 23. Official Development Assistance (ODA)
- 24. "Pro-trade" bias
- 25. Optimum tariff (1 x 25 = 25 Marks)

Part - II

Answer any five questions

Each answer should not exceed 500 words.

Each question carries 10 marks.

- 26. "Worlds income is distributed unequally between nations and people". Discuss.
- 27. What are the conditions of steady growth as laid down in the neo-classical model ?
- 28. Examine the relevance of the wage-goods model of Vakil and Brahmananda.
- 29. Discuss the important implications for economic policy that follow from Todaro's analysis of the migration process.
- 30. Give an account of the relationship between farm size and output per acre of land in LDCs.
- 31. Outline and discuss the factors that compelled the LDCs to launch the strategy for NIEO.
- 32. Evaluate the potential role of foreign borrowing and the debt servicing problem of LDCs.
- 33. Critically examine the assumptions and rationale of Mahalanobis planning models (5 x 10 = 50 marks)

Part - III

Answer any three questions

Each answer should not exceed 1200 words

Each question carries 25 marks.

- 34. Critically examine the view that Schumpeterian analysis of economic development is a modified version of Marx's model of growth.
- 35. "Fei-Ranis dual economy model is an improvement on Lewis model". Discuss.
- 36. What are the main forms of IMF's financial assistance to developing countries? What criticisms have been levelled against the IMF and its policies of support to developing countries?
- 37. Evaluate the reinvestible surplus criterion as developed by Sen.
- 38. Discuss the assumptions and the nature of the input-output technique. What are the uses and drawbacks of input-output technique as a tool of planning in LDCs? (3 x 25 = 75 Marks)

UNIVERSITY OF KERALA

M.A Degree ECONOMICS (Analytical Economics)
(Effective from 1993 admissions)

Option - Paper: ENVIRONMENTAL ECONOMICS

Module: 1 Basic Concepts(10)

Basic concepts of environmental economics-economics and ecology - environment as capital-economic growth and environment.

Module: 2 Property Rights(15)

Efficiency in a private enterprise economy-property rights approach to environment allocation-property rights and public goods-allocation of public goods-social welfare function-market failure-Lindahl solution-pollution and the tragedy of commons.

Module: 3 Theory of Externalities (15)

Classification of externalities-economic policy and externalities-material flows between environment and economic system-competing uses-zero price of environmental use.

Module:4 Cost-Benefit Analysis (15)

Evaluation of environmental quality-Pareto Optimal provision of environmental quality-mechanisms of social choice-environmental impact assessment-social impact analysis.

Module: 5 Economics of Pollution (15)

Forms of Pollution and pollution control-costs and benefits of pollution control-population levels and environmental quality-international dimensions-environment and sustainable development.

Module:6 Environmental Regulation(20)

Choice of policy instruments-legal liability as an economic instrument for environmental protection-effects of environmental regulation on pattern of international trade environmental policy and management-case study of USA, China and India.

Module:7 Environmental Accounting (15)

Environmental accounts and the system of national accounts-environmental audit-need for integration-appropriate valuation technique-methodological approaches to pricing natural resources.

REFERENCES

- Joseph J.Seneca & M.K.Taussig: Environmental Economics
P.A.Belson: Cost-Benefit Analysis and Environmental Problems
P.Nijkamp: Theory and Application of Environmental Economics, Vol.I
Do: Environmental Economics, Vol.I
Do: Environmental Economics, Vol.II

H.Siebert: Economics of the Environment: Theory and Policy

D.N. Thompson: The Economics of Environmental Protection

A.M. Freeman etc: Economics of Environmental Policy

C.C.Park: Environmental Policies: An International Review

R.Costanza: Ecological Economics

P.Burrows: Economic Theory of Pollution control

J.Harkness: Pollution, Property and Prices

G.Schraun; & J.J.Warfisd: Environmental Management and Economic Development

M.L. Cropper & W.E.Dates: "Environmental Economics:
A Survey", Journal of Economic Literature, June 1992

A.C.Fisher & F.M.Peterson: "The Environment in Economics",
Journal of Economic Literature, March 1976

M.A DEGREE ECONOMICS (ANALYTICAL ECONOMICS)

(Revised Syllabus w.e.f 1994
Admissions)

Compulsory/Core Paper

ECONOMIC HISTORY 1800-1947Module:1 Selected Problems of Indian Economic History (15)

Selected Problems-methods of historical research-
Sources and nature of historical material for the period
1800-1947- Theory and History- Views of J.R.Hicks

Module: 2 Pre-British India - an Overview (20)

Nature of the state-Mughal and South India-
Agrarian Structure and crisis-organisation of manufac-
turing - indigenous forms and instruments of trade-
Portuguese, Dutch and English trade-Emergence of the
colonial economy.

Module: 3 Structure of Agriculture and Industry 1800-1947(25)

Property Rights-enforcement and policing of agrarian
structure-commercialisation and demographic change on the
structure of land holdings, tenancy and agricultural labour
organisation of manufacturing in the middle of 18th
century-Impact of the Industrial Revolution and colonial
Rule on traditional manufacture-Entrepreneurship-Protection-
growth of railways and irrigation.

Module:4 Money Banking and Trade 1800-1947 (20)

Traditional credit organisation-growth of modern
banking and the Reserve Bank of India-growth of trade-
trends in invisibles-terms of trade-changing structure of
balance of payments and the implications for the domestic
economy-trends in foreign capital-

Module: 5 Issues in Economic History (25)

Some historical case studies-mobilisation of
agricultural surplus-forms of labour supply-inputs in to
agriculture-peasant rationality comparison of the reponse
of different types of colonial economies to imperialist
forces-Comparison of the policies of different metropolitan
powers and of the policies of the same power: Britain in
its various colonies.

References

- J.R.Hicks: A Theory of Economic History, Oxford 1969
- R.Kumar: Western India in the 19th Century, Routledge
Kegan Paul, 1968
- M.DANLING: The Punjab Peasant in Prosperity and Debt,
Manohar, 1977
- D.ROTHERMURND . and D.C.WADHWA: Zamindars, Miners and Peasants,
Manohar 1978
- A.K.BAGCHI: Private Investment in India 1930-1939,
Cambridge 1972
- P.S.LOKANATHAN: Industrial Organisation in India,
Allen & Unwin, 1935
- D.TRIPATHI: Business Communities in India:
A Historical Perspective, IIM MONOGRAPH,
Ahmedabad.
- J.M.KEYNES: Report on Indian Currency and Finance, 1913
- Y.S.PANDIT: India's Balance of Indebtedness 1893-1913,
Macmillan 1937
- K.N.RAJ: The Monetary Policy of the RBI, 1948
- P.RAY: India's Foreign Trade since 1870, Macmillan
- W.PARKER: (ed) European Peasants and their Markets,
Princeton 1975
- Cambridge Economic History, Vol.I & II

M.A Degree ECONOMICS (Analytical Economics)
(Effective from 1993 admissions)

Revised

Compulsory/Core Paper: INDIAN ECONOMY

Module: Determinants of National Income, Saving, Investment and Capital Formation(15)

Colonial impact and stagnation-effects of partition-structure of the economy-Trends in national income-size and composition-Trends in national investment and capital formation - Views of the Raj Committee on savings-capital output ratios-factors determining growth rates-income distribution and poverty ratios.

Module: 2 Agriculture(15)

Structure of production-growth trends -size-productivity debate-terms of trade debate-rural unemployment-labour use and cost of cultivation-agrarian relations-agricultural prices-food security.

Module:3 Industry (15)

Industrial structure-industrial policy changes-stagnation since mid-sixties- debate on industrial growth and productivity-problems of small scale sector- performance and prospects of public sector-industrial sickness.

Module: 4 Money, Interest and Prices (15)

Concept and measurement of money supply in India-determinants of growth in M3 and Reserve Money-Structure of interest rates and its determinants-Trends in price level-factors determining them- structure of financial market-proposals for reform.

Module:5 Fiscal Situation (15)

Structure, trends and implications of Indian tax system-budget deficit, revenue deficit and fiscal deficit-public debt-centre-state fiscal relations-views of Finance Commissions- Reform of Indian fiscal system-views of Kaldor, Chelliah and Lakdawala committees.

Module:6 Balance of Payments (15)

Structure of and trends in foreign trade and payments-causes and remedies of BOP deficit-exchange rates-external sector policy and reforms.

Module: 7 Development Process and Policy(15)

India's development experience-development strategies-export-promotion, import substitution, heavy industry, wage goods strategies-Economic Policy: an overview: Monetary, Fiscal, industrial, Prices. policies-New Economic Policy Since 1991.

References

- A. Bagchi: The Political Economy of Underdevelopment in India, Cambridge University Press, 1982
- P. Bardhan: Political Economy of Development, OUP, 1984
- P. R. Brahmanada and V. R. Panchamukhi: (Ed) The Development Process of the Indian Economy, Himalaya, 1987
- Lucas and Papank: Indian Economy, OUP, 1988
- S. Chakravarty: Development Planning, OUP, 1988
- A. K. Bagchi: Society and Polity: Essays in the Political Economy, of Indian Planning, 1988
- C. Wadhwa: ed. Some Problems of India's Economic Policy, Tata McGraw Hill, 1977
- Tapas Majumdar: Ed. Nature, Man and the Indian Economy, OUP, 1993
- J. Bhagwati: India in Transition, OUP, 1993
- Keushik Basu & Pulin Nayak: ed. Development Policy and Economic Theory, OUP, 1992
- V. K. R. V. Rao: India's National Income 1950-1980, Sage, 1990
- R. M. Sundrum: Growth & Income Distribution in India: Policy Performance since Independence, Sage, 1987
- M. L. Dantwala & others: ed. Indian Agricultural Development Since Independence, Oxford & IBH, 1986
- K. N. Raj, A. K. Sen and C. H. H. Rao: ed. Studies on Indian Agriculture, OUP, 1988
- I. J. Ahluwalia: Industrial Growth in India: Stagnation since the mid 60s, OUP, 1985
- A. K. Bagchi & N. Banerjee: ed. Change and Choice in Indian Industry, K. P. Bagchi & Co, 1981
- I. S. Gulati & K. K. George: Essays in Federal Financial Relations, Oxford - IBH, 1988
- K. K. George: Centre-State Financial Flows and Inter-state Disparities, Criterion Books, 1988
- R. J. Chelliah, et. al: Trends and Issues in Indian Federal Finance, Allied, 1981
- D. T. Lakdawala: Union State Financial Relations, Lalvani, 1967
- J. Bhagwati & T. M. Srinivasan: Foreign Trade Regimes, and Economic Development: India, Oxford: IBH, 1975
- S. P. Gupta: Planning and Development in India A Critique, Allied, 1989
- Bimal Jalan: India's Economic Crisis, OUP, 1991
- Do: Essays in Development Policy, Macmillan, 1975
- A. Kohli: The State and Poverty in India: The Politics of Reform, Cambridge University Press, 1987
- Govt. of India: Annual Economic Surveys, Reports of Committees, Five Year Plan documents etc.
Various issues of Economic and Political Weekly and RBI Bulletins

7:

Additions to the Reading List

B.A. Degree (Ten-Semester)

Branch Economic

Paper PUBLIC ECONOMICS

C. V. BROWN and P. M. JACKSON Public Sector
Oxford

R. W. Braduay : Public Sector
Prentice Hall.
Public Finance

R. V. HUGHTON

I. S. GULATI Centre-State and
Transfers, Oxford

UNIVERSITY OF KERALA

Revised Syllabus

ECONOMICS

M.A. Degree (Non Semester) Course

(w.e.f. 1996 admissions)

Core Paper IV - Development Economics

Module I - Development and underdevelopment an overview (15)

Current academic interest in development Economics - Terminologies of developed and developing countries - Terminology of growth and development - characteristics of LDCs - Types of manufacturing and production conditions - World distribution of income - the development gap - PQLI - Human Development Index - Dimensions of poverty - The distribution of income - The inverted - U-hypothesis - growth distribution trade offs.

Module II - Grand theories of growth and development (10)

Growth models of Adam Smith, David Ricardo, Marx and Schumpeter - Basic assumptions of classical growth models.

Module III - Modern theories of growth and development (10)

Harrod - Domar model - Joan Robinson's model - the classical growth model - Kaldor - Mirrlees growth model - The Production function approach to the study of the causes of growth - Production function studies of the sources of growth in developed countries.

Module IV - Partial theories of growth and development (10)

Rostow's stages of growth theory - utilization of surplus labour - Lewis theory - Nurkse's theory - Balanced growth - unbalanced growth - Big push theory - critical minimum effort - low level equilibrium trap - The process of development - Dual economy model

Revised Syllabus - MA Analytical Economics w.e.f.
1999 admission.

PAPER III - INTERNATIONAL ECONOMICS

Module 1. (20) Determinants of trade - Classical comparative cost theory - gains from trade - offer curves - The Heckscher - Ohlin model - factor reversals - factor price equalisation - Technology difference models - Imitation gap theories - product cycle - theories of trade - Empirical testing of Inter-Industry trade - Leontief Paradox - Effects of growth on trade - factor abundance and factor intensity - Rybczynski theorem - Intra-Industry trade.

Module 2. Trade Policy; theory and practice (20) Protectionism - tariffs - Optimum tariff - non-tariff barriers - theory of customs union - Trade policy and LDCs - UNCTAD and world trading system - GSF - international commodity prices - Import substitution versus export promotion - export pessimism - Import substitution - New trade theories of developing countries - theories of unequal exchange rate.

Module 3. GATT to WTO (10) Structure and Principles of GATT - GATT Rounds - WTO and world trading system - non trade issues - New protectionism - Super 301 - Economic sanctions.

Module 4. Foreign Direct Investment and Multinational Enterprise (7) Role of FDI - Barriers to FDI - FDI and balance of payments.

Module 5. Balance of Payments (8) Book keeping - surplus and deficits - macro economic policy - devaluation - elasticities approach - absorption approach.

Module 6. Foreign exchange (5) fixed versus flexible exchange rates - exchange rate variability.

Module 7. International Monetary system (10) IMF and structural adjustment - European Monetary System - TRB

4. Peter B. Kenen, International Economy, 3rd Ed. Cambridge 1994.
5. AEA Readings in International Economy.
6. Sanjaya Lall & Faulstich, Foreign Investment, Transnationals and Developing Countries.
7. Sanjaya Lall, Readings in International Economics.
8. J.N. Bhagwati (ed.) Import competition and Response, Chicago University Press.
9. GATT, Final Text of Uruguay Round, World Trade Centre, Bombay 1994.
10. WTO Results of Uruguay Round Multilateral Trade Negotiations, Geneva 1995.
11. A.P. Thirlwall, Growth and Development, ELBS, 1995.
12. Samir Amir, Unequal Development, Oxford, 1979.
13. M.P. Todaro, Economic Development in the Third World, Longman, 1981.
14. V.R. Panchamukhi (ed.) Money and Finance in World Economic Order, RIS 1987.
15. Paul Hallwood and R. MacDonald, International Money: Theory Evidence and Institutions, Disha Publications, Delhi, 1989.
16. J.N. Bhagwati, Foreign Trade Regim. and Economic Development Cambridge, 1974.
17. Cline.R.R. (ed.) Trade Policy in the 1980's Washington DC, 1983.
18. Greenaway D & Winters L.A (ed.) Surveys of International Trade, Oxford, 1993.
19. J.N. Bhagwati (ed.) International Trade: Selected Readings, Cambridge. 1987.

4. Peter B. Kenen, International Economy, 3rd Ed. Cambridge 1994.
 5. AEA Readings in International Economy.
 6. Sanajaya Lall & Faulstresten, Foreign Investment, Transnationals and Developing Countries.
 7. Sanjaya Lall, Readings in International Economics.
 8. J.N. Bhagwati (ed.) Import competition and Response, Chicago University Press.
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 10. WTO Results of Ungerary Round Multilateral Trade Negotiations, Geneva 1995.
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 14. V.R. Panchamukhi (ed.) Money and Finance in World Economic Order, RIS 1987.
 15. Paul Hallwood and R. MacDonald, International Money: Theory Evidence and Institutions, Disha Publications, Delhi, 1989.
 16. J.N. Bhagwati, Foreign Trade Regim. and Economic Development Cambridge, 1974.
 17. Cline.R.R. (ed.) Trade Policy in the 1980's Washington DC, 1983.
 18. Green away D & Winters L.A (ed.) Surveys of International Trade, Oxford, 1993.
 19. J.N. Bhagwati (ed.) International Trade: Selected Readings, Cambridge, 1987.
 20. Liowellgn.D.T. and Milner.C.R. (ed.) Current Issues in International Monetary Economics, London, 1990.
- Investment Report, 1998.

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Part III

H.G. Jones, An Introduction to Modern Theories of Economic Growth, Mc-Graw Hill, 1976.

1) Amartya Sen (ed.) Growth Economics, Penguin, 1971.

2) Daniel Hamberg, Models of Economic Growth

3) Joseph Stiglitz and Uzawa, Modern Theory of Economic Growth.

4) Jean Robinson, Essays in the Theory of Economic Growth.

5) S. Gatak, Op.cit.

6) A.P. Thirlwall, op.cit

Part IV

A.P. Thirlwall, Op.cit

S. Gatak, Op.cit

7) B. Higgins, Economic Development, Norton, 1959.

A.K. Sen, op.cit

Meir and Baldwin, Op.cit

C.N. Vakil and P.R. Brahmananda, Planning for an Expanding Economy Vera & Co., 1956.

Part V

R. Jolly (Ed.) Third World Employment, Penguin, 1973.

S. Gatak, Op.cit

A.P. Thirlwall, op.cit

G.M. Meir (ed.) Leading Issues in Economic Development.

M.P. Todara, op.cit

A.K. Sen, Choice of Technique

A.K. Sen, Employment, Technology and Development, OUP 1974.

Part VI

A.P. Thirlwall, op.cit

-do- Financial Economic Development, Macmillan 1975

S. Gatak, op.cit

G.M. Meir (ed.) Leading Issues in Economic Development.

A.K. Das Gupta & Others, Guidelines for Project Evaluation, UNIDO 1972.

IMD Little, Economic Development

1996

Appendix II

UNIVERSITY OF KERALA

Revised Syllabus

ECONOMICS

M.A. Degree (Non Semester) Course

(w.e.f. 1996 admissions)

Core Paper IV - Development Economics

Module I - Development and underdevelopment an overview (15)

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Rostow's stages of growth theory - utilization of surplus labour - Lewis theory - Nurkse's theory - Balanced growth - unbalanced growth - Big push theory - critical minimum effort thesis - A model of low level equilibrium trap - The process of industrialization - Theories of dualism - Dual economy model - Lewis model - Dixit - Mirrlees model