



# Master of Art in Economics (Previous)

## Syllabus

### Session - 2013-14

Paper No.	Paper Code	Paper Title	Marks
<b>Compulsory</b>			
I	OPEC101	Micro Economic Analysis	
II	OPEC102	Macro Economic Analysis	
<b>Optional Papers</b>			
III	OPEO103A	Agricultural Economics	
	Or		
	OPEO103B	International Economics	
	Or		
	OPEO103C	Financial Institutions and Markets	
IV	OPEO104A	Industrial Economics	
	Or		
	OPEO104B	Mathematical Economics	

*(Note: 20 Marks for internal Assignment to Each Paper)*

#### **OPEC101 Paper I - Micro Economic Analysis**

##### **Unit I**

Demand Analysis - I

Concept of cardinal and ordinal utility, Indifference curve, Income, Substitution and price effects. Slutsky Theorem, Revision of Demand theory by Hicks, Revealed preference theory. Recent developments in demand theory. Linear expenditure system. Consumer's choice involving risk. Elasticities of demand price, Income, Substitution and cross Indirect utility function. The constant elasticity of demand function, The Dynamic Demand function, Empirical demand function. Linear demand function.

##### **Unit II**

Theory of Production

Concept of production function, short period and long period production function. Law of variable proportions. Isoquants - Least cost combination of inputs. Multi-product firm. Elasticity of substitution; Technical progress and production function. Marginal rate of technical substitution. Cobb Douglas production function CES production function.



### **Unit III**

#### Theory of Costs

The Traditional theory of cost. Modern theory of cost. Derivation of cost functions from production function. Derivation of long run average and marginal cost curves. The 'L' shaped cost curve. Empirical evidence on cost.

### **Unit V**

#### Marginal Analysis

Baumol's sales maximisation model, Williamson's model of managerial discretion, Morries model of managerial enterprise.

Full Cost Pricing- Hall and Hitch and Andrews, Bain's limit pricing theory, sylos - Labini's model. Distribution- Modern theory of rent; modern theory of wages, liquidity preference theory, IS - LM curvs, Innovation theory of profit, product exhaustion theorem. Recardian, Marxian, kaleki and kaldor's macro theories of distribution.

### **Unit VI**

#### Market Structure

Oligopoly market - Cournoet, Bertrand, Edgeworth and Chembrlin's models, Price Leadership - Price leadership by a Barrometric firm. Price leadership by dominant firm. Price leader ship by low cost firm. Price determination under centralized cartel, price determination under market sharing cartel, kinked demand curve. Price and output-determination under monopsony and bilateral monopoly.

## **OPEC102 Paper II - Macro Economic Analysis**

### **Unit I**

Supply of Money- Concept of money supply, A mechanistic model of bank deposit determination, A demand - determined money supply process. RBI approach to money supply, High powerd money and money multiplier, Budget deficit and money supply, money supply and open economy, control of money supply. Demand for Money- Classical approach to demand for money - Quantity theory approach - Fisher's equation, Cambridge quantity theory, keyne's liquidity preference approach, aggregate demand for money, derivation of LM curve.

### **Unit II**

Keynsian and Post - Keynsian demad for money Keynsian views on Interest. IS and LM model extension of IS LM model with government sector; relative effectiveness of monetary and fiscal policy; post keynsian approaches to demand for money, Patinkin and the Rear Balance Effect, Approaches of Baumol, Tobin Frideman and the modern quantity theory.



### **Unit III**

Macro Economics in an open economy Mundell - Fleming model, Philips curve analysis, trade of between inflation and unemployment.

National income accounting- Circular flow of income in two, three and four sector economics Different forms of national income accounting, issues in national income accounting.

### **Unit IV**

Consumption function- Keynes's psychological law of consumption, implications of law, short run and long run consumption function. Income consumption relationship - Absolute income, Relative income, lifecycle and permanent income hypotheses. Investment function - Marginal efficiency of investment and level of investment. Marginal efficiency of capital and investment, short run and long run theories of investment and accelerator. Investment multiplier - impact of inflation.

### **Unit V**

Theories of inflation and Business cycles - Classical, Keynesian, monetarist, structuralist's theories of inflation. Schumpeter, Kaldor, Samuelson, Hicks and Goodwin's model, control of business cycles.

## **OPEO103A Paper III - Agricultural Economics**

### **Unit I**

Agriculture and economic development and Agricultural Growth in India - Role of agriculture in economic development, Difference between agriculture and industry. Interrelationship between agriculture and industry. Nature of agricultural business, Agricultural development and poverty, environment and Employment. Growth of agricultural output, Role of public investment in Indian agriculture, Sustainable agriculture, government strategy for agricultural development in India. Supply and role of inputs in agricultural production.

### **Unit II**

Land Reforms and Agricultural Production

Types of farm organization, principle of land utilization, tenancy and crop sharing - forms. Green revolution, land reforms measures and performance traditional and modern agriculture, problems of small and marginal farmers. Agricultural production, factor combination and resource substitution, resource use and efficiency, production function analysis in agriculture, size of farm and law of returns. Agricultural inputs on shifts in production function.

### **Unit III**

Agricultural Productivity and Agricultural Finance



Concept of cost, farm budgeting, response of individual and aggregate supply, Regional disparities in Indian agriculture. Regional variation in agricultural productivity. Resource use efficiency in traditional agriculture, cropping pattern. Role of capital and rural credit. Rural saving and capital formation, Characteristics and sources of rural credit. Role of co-operative, credit, RRBs, NABARD, Commercial banks, SBI in agricultural finance.

#### **Unit IV**

Agricultural prices and Market

Market structure, functions, cost, Regulated markets; marketed and marketable surplus. State policy for market, Behaviour of agricultural prices, Cob-web model, Role of state intervention, objectives of price policy, Food security in India, PDS, crop insurance.

#### **Unit V**

Agriculture and external sector

Role of international trade in agricultural development, impact of WTO on Indian agriculture, Role and impact of MNCs on Indian agriculture, Impact of globalization on Indian agriculture.

### **OPEO103B Paper III - International Economics**

#### **Unit I**

Theory of International Trade and Balance of Payment - The pure theory of international trade - theories of absolute advantage, comparative advantage and opportunity cost, Heckcher-ohlin theory of international trade, the leontief paradox. Nature, components, equilibrium and disequilibrium of balance of payment. The process of adjustment, exchange rate, Types of exchange rate, Domestic, monetary and fiscal policy and balance of payment. A critical review of the monetary approach to the theory of balance of payments adjustment.

#### **Unit II**

Role of Dynamic factors and Infra - industry Trade - Role of Dynamic factors i.e. change in tastes, technology and factor endoments in explaining emergence of trade, the Rybeznyski theorem - concept and policy, implication of immiserizing growth. Causes of emergency and measurement of Infra-industry trade and its impact on economic development, models of Infra-industry under imperfect competition and oligopoly. The rational of tariffs, quotas, and subsidies, infant industry argument, optimum tariff rate, effective rate of protection.



### **Unit - III**

Gains from trade and Terms of Trade - Measurement of gains from trade and their distribution, concept of terms of trade, its uses and limitations, trade as a engine of economic growth, different concepts of terms of trade, factors affecting terms of trade, production possibility curve, community indifference curve, offer curve, determination of international equilibrium.

### **Unit - IV**

The theory of Regional Blocks - Forms of economic co-operation. The theory of customs union and free trade areas. Rational economic progress of ASEAN, SAARC and NAFTA regions. Problems of forming a custom's union in the Asian region. Regionalism, multilateralism and WTO.

### **Unit - V**

The International Monetary System and Trade policies and International debts of India - India and developing countries. Long term and short term international capital movements and East-Asian crisis. International trade and financial institution functions of W.T.O., IMF, IBRD and ADB. Trade problems and policies in India during Five year plans. Recent changes in the direction and composition of trade and its implications. Rational impact of trade reforms on BOP, employment and growth. Problems of India's international debt. Instruments of export promotion and recent import and export policies.

**OPEO103C**

## **Paper III - Financial Institutions and Markets**

### **Unit I**

Nature and Role of financial system and Non-Banking Financial Intermediaries - The structure of financial system, Functions of financial sectors. Financial system and economic development. Definition and types of non-banking financial institutions. Growth and impact of non-banking, Financial institutions on Indian's economic development. Portfolio of banking and non-banking financial intermediaries. Measures adopted by central bank to control, non - banking financial intermediaries.

### **Unit II**

Banks and Securities Market - Role of Commercial Banks, functions of Commercial Banks, credit creation as a function of Commercial Banks. Role of Central Bank, functions of Central Bank, credit control policy of Central Bank. RBI's recent monetary and credit policy. Structure and types of Indian stock market. Functions and organization of SEBI.



### **Unit III**

Monetary Policy and Financial Market - The aims and Objectives of Monetary policy, Instruments of Monetary Policy. Effectiveness of Monetary Policy. Role and structure of money and capital market, call money market, Treasury bill market and commercial bill market. Discount market, Impact on working of capital market in India.

### **Unit IV**

Structure of Interest Rate - Theories of Interest rate, Types of Interest rate, Appropriate interest rate policy.

### **Unit V**

International Financial Market

Nature and organization of participants, exchange rate, devaluation and depression. Working of floating exchange rate since 1973. Role of IMF, IBRD, IDA, IFC, ADB and India Euro currency market development, role and regulation

## **OPEO104A      Paper IV - Industrial Economics**

### **Unit I**

Framework and Problems of Industrial Economics Concept and organization of a firm ownership control and objectives of the firm. Current problems of selected industries - Iron and steel, cotton textile, Jute, Sugar, Coal, Cement Industries.

### **Unit II**

Theories of Industrial Location Factors affecting location, Weber and Sargent, Florance's theories of location. Theories and empirical evidence on mergers and acquisitions and diversification. Small scale Industries - Role of small scale industries in economic development, Growth of small scale industries during the five year plans. Problems and policy measures by the government.

### **Unit III**

Market performance Size, growth and profitability of the firm. Constrains on growth, productivity, efficiency and capability utilization, concept and measurement in Indian situation. Industrial Labour -Structure of Industrial labour, Employment dimension, industrial legislation, social security, wages and problems of bonus. Labour market reforms, industrial disputes and its settlements.

### **Unit IV**

Indian Industrial Growth and Pattern - Recent trends in industrial growth in India (1991-2001). Industrial policy of India, Role of public and private sectors in India. Effects of liberalization and privatization on industrial development in India. Role of MNCs in



industrial development. Regional industrial growth, its industrial and economic concentration and remedial measures. Industrial productivity, regional disparities.

#### Unit V

##### Industrial Finance

Types of finance. Role, nature and volume of industrial finance IDBI, IFCI, EXIM Bank; ICICI, SFCS, SIDC and Commercial Banks.

### **OPEO104B      Paper IV - Mathematical Economics**

#### Unit I

##### Simple calculus and its Applications

Concept of function, Types of functions, concept of derivatives, Rules of differentiation, partial derivatives, Rules of partial differentiation. Maxima and Minima in single and multi variable functions.

#### Unit II

Theory of Consumer Behaviour - Demand function, Ordinal utility maximization, Slutsky equation, income, substitution and price effects, concept of elasticity and its applications. Additive utility function, indirect utility function, consumer's surplus, linear expenditure system. Theory of Distribution - Euler's theorem, Recardian theory of distribution, Marxian theory of distribution; Kaldor's model of distribution; Consumption function, static and dynamic multiplier, Acceleration principle.

#### Unit III

Theory of production and Market Structure - Homogenous and non-homogenous production function, short and long run production function, Cobb-Douglas production function, CES production function and its properties. Types of various markets - Price and output determination in perfect competition, monopoly, monopolistic competition, duopoly, oligopoly monoposony and bilateral monopoly. Market Equilibrium - Single and two-commodity market model, lagged market equilibrium, multi-market equilibrium, general equilibrium, system of Walras conditions of equilibrium.

#### Unit IV

##### Theory of Cost and Theory of Firm

Cost function, simple derivation of short run cost function, modern theory of cost, relation between AC and MC in short period. Producer equilibrium, Technical progress and production function, multiproduct firm. Production possibility curve, factor substitution, marginal rate of technical substitution (MRTS), profit maximization of a multi product firm.





## Unit V

### Input - Output Analysis

Open and closed system, Leontief's dynamic model, static model, applications of input - output analysis. Linear programming - Basic concept of linear programming problem (LPP), solution of LP problem by graphical and simplex method; primal and dual problem, application LP in economics. Game Theory - Concept of Game, Two person zero sum game, pure and mixed strategy. Pay of matrix, maximum and minimum solution, saddle point solution.

### Basic Reading List

- Kreps, David M. (1990), A Course in Microeconomics Theory, Princeton University Press, Princeton.
- Koutsoyiannis, A. (1979), Modern Microeconomics, (2nd Edition,) Macmillan press, London.
- Layard, P.R.G. and A.W. Walters (1978), Microeconomic Theory, McGraw Hill, New York.
- Stigler, G. (1996), Theory of Price, (4th Edition), Prentice Hall of India, New Delhi.
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- Sen, A. (1999), Microeconomics; Theory and Applications, Oxford University Press, New Delhi.
- Ackley, G. (1978), Macroeconomics: Theory and Policy, Macmillan, new York.
- Blackhouse, R. and A. Salansi (Eds.) (2000), Macroeconomics and the Real World (2 Vols.), Oxford University Press, London.
- Branson, W.A. (1989), Macroeconomics Theory and Policy, (3<sup>rd</sup> Edition), Harper and Row, New York.
- Dornbusch, R. and F. Stanly (1997), Macroeconomics, McGraw Hill, Inc. New York.
- Hall, R.E. and J.B. Talyor (1986), macroeconomics, W.W. Norton, New York.
- Heijdra, B.J. and V.P. Fredericck (2001), Foundations of Modern Macroeconomics, Oxford University Press, New Delhi.
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- Romer, D.L. (1996), dvanced Macroeconomics, McGraw Hill Company Ltd., New York.
- Scarfe, B.L. (1977), Cycles, Growth and inflation, McGraw Hill, New York.
- Shapiro, E. (1996), Macroeconomic Analysis, Glagotia Publications, New Delhi.
- Surrey, M.J.C. (Ed.) (1976), Macroeconomic Themes, Oxford University Press, Oxford.
- Bhaduri, A. (1984), The Economic Structure of Backwar Agriculture, Macmillan, Delhi.
- Bilgrami, S.A.R. (1996), Agricultural Economics, Himalaya Publishing House, Delhi.
- Dantwala, M.L. et. al (1996), Indian Agricultural Development Since Independence, Oxford & IBH, New Delhi.
- Government of India (1976), Report of the national Commission on Agriculture, New Delhi.
- Government of India, Economic Survey (Annual), New Delhi.
- Gulati, A. and T. Kelly (1999), Trade Liberalisation and Indian Agriculture, Oxford University Press, New Delhi.
- Joshi, P.C. (1975), Land Reforms in India: Trends and Prospects, Allied Publishers, Bombay.
- Kahlon, .A.A. and Tyagi D.S. (1983), Agriculture Price Policy in India, Allied Publishers, New Delhi.
- Rao, C.H. Hanumantha (1983), Agriculture Growth, Rural Poverty and Environmental Degradation in India, Oxford University Press, New Delhi.
- Reserve Bank of India, Report on Currency and Finance (Annual), Mumbai.
- Rudra A. (1982), Indian Agricultural Economics: Myths and Reality, Allied Publishers, New Delhi.
- Saini, G.R. (1979), Farm Size, Resource use Efficiency and Income Distribution, Allied Publishers, New Delhi.





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- Carbough, R.J. (1999), *International Economics*, International Thompson Publishing, New York.
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- Dana, M.S. (2000), *International Economics: Study, Guide and Work Book*, (5th Edition), Routledge Publishers, London.
- Dunna, R.M. and J.H. Mutti (2000), *International Economics*, Rouledge, London.
- Kenen, P.B. (1994), *The International Economics*, R.D. Irwin, Homewood.
- King, P.G. (1995), *International Economics and International Economics Policy: A Reader*, McGraw Hill International, Singapore.
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