

COURSES OF STUDIES

PRIVATE EXAMINATION



Sambalpur University

MA PART - II

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Economic

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PAPER - VI

PUBLIC ECONOMICS

The role of Government, free rider problem, social wants and merit wants.

Theories of budget determination and public expenditure, Normative theories based on old and new welfare economics, contributions of Pigou, Dalton, Lindeloh Johnson, Samuelson and Musgrave's voting models.

Down's Economic Theory of Democracy and vote, Maximisation hypothesis, Empirical studies and the inductive hypothesis.

Wagner's Law, Peacock Wiseman displacement hypothesis empirical studies.

The evaluation of public expenditure, Cost-benefit approach for choosing public investment projects.

Inter-Governmental fiscal relation : Allocation of taxes. Government responsibilities for services among different levels of Government. Efficiency issues, economics of scale and spill overs, political elements in federal finance.

Non-correspondence of fiscal capacities and needs at various levels of government machinery for remedying the non-correspondence through shared taxes, conditions and block grants, criteria of transfers in a federal system-equity Vs. growth in Indian context.

ECONOMICS

Paper-V	:	Macro Economic Theory	100 marks
Paper-VI	:	Public Economics	100 marks
Paper-VII	:	Any one	100 marks
		a) Mathematical Economics	
		b) Economic System	
		c) Agricultural Economics	
Paper-VIII	:	Any one	100 marks
		a) Econometrics	
		b) Rural Development Theory & Practice	
		c) Theory of International Trade & Trade Policy	

The question paper shall carry 100 marks with ten questions and the candidates be asked to answer any five questions.

Detailed Syllabus

PAPER - V

MACRO ECONOMIC THEORY

Macro Economic Measurements :

The framework of social accounting : Nature of national income and social accounting, National income - Measures of National income. The input output analysis, Leontief's open system.

The classical theory of income determination, Demand for Money, The Quantity theory of money and its modern statement, Friedman Baumol, Tobin and Patinkin's contributions.

Supply of Money - High Power money, money multiplier etc.

Kenesian Theory :

A Determination of equilibrium level income and output using IS IM model. Saving and investment analysis. The consumption function : The absolute, relative and permanent income hypothesis, Empirical support, Cross section and time series analysis, Cyclical and Secular consumption, income relationship and reconciliation of such relationship. Other factors influencing consumption. The multiplier and the process of income generation. Interaction of the multiplier and Accelerator and income generation. The determinants of investment. Marginal efficiency of capital, Technological change and innovation, Autonomous and induced investment.

Trade Cycle :

Monetary theory of trade cycle - Contribution of Hawtrey, Hayek Friedmen etc., Outlines of non-monetary theories of Trade Cycle, Contributions of Schumpeter, Kaldor, Samuelson, Hicks.

Theory of Inflation :

Definition and measurement of Inflation, Demand Pull & cost inflation, Philips curve. Expectation, Monetarist Vs. Structuralist controversy. Income Policy, Monetary Policy, Objectives, Instruments and Scope of Monetary policy. Central Banking techniques, General and Selective Controls. The growth of non-banking financial intermediaries.

International aspects of Macro Economic Theory :

The import function. The foreign trade multiplier and changes in the levels of income. The terms of trade and gains from trade.

Balance of Payments :

Process of balance of payments adjustments, Foreign Exchange, Determination of foreign exchange in free market. Internal monetary management, I.M.F.

Books :

- (1) Shapior, Loward : Micro Economic Analysis
- (2) Brocman, F.S. : Macro Economics
- (3) Dernburg, T.F. and Mc Dougall, D.M. : Macro Economics
- (4) Rowan, D.C. : Output Inflation and growth
- (5) Ackley, G. : Macro Economic Theory
- (6) Edey, H.C., Peacock, A.T. and cooper Ronald : National Income and Accounting Theory
- (7) Clower, R.W.: Monetary Economics
- (8) Gurley, I and Shaw : Money in a Theory of Finance
- (9) Day, A.C.L. : Outline of Monetary Economics
- (10) Newlyn, W.T.: The Theory of Money
- (11) Sen, S.N. : Central banking in under- developed money market
- (12) Chandler, I.V. : An International to Monetary Theory
- (13) Klidicharger, C.P. : International Economics (Part-VI)
- (14) Hick, LR. : A Contribution to the Theory of the Trade Cycle
- (15) Hansan, A.H. : Business cycle and National Income
- (16) Mullcu, M.G (ed) : Readings in Macro Economics
- (17) Committee on the working of the Monetary System : H.M.S.O.

Equilibrium under different market forms :

Perfect competition monopoly, the discriminating monopolist, the multipliant monopolist, Duopoly and oligopoly, the Cournot solution - the market shares solution, the Stackleberg solution, the Kinked demand curve solution, product differentiation, many sellers, General equilibrium.

Linear Programming :

The simplex method, linear programming and the theory of firm linear Programming approach to regional economic planning. Duality - Economic interpretation of dual problem, Dual prices and decentralised decision making.

Elements of Games Theory :

The Zero-sum two person game, maximin and minimax strategies, optional mixed strategies, Inter relation between linear programming and game theory, theory of games, Doupoly solution.,

Input-output Analysis :

Leontief's Static System, open system, Leontief's closed system - the dynamic system.

Macro Economics :

The circular flow of income, consumption and saving functions, Multiplier, Classical model of income and employment, Saving and investment, Keynesian models, simple

Taxation :

Concept of equity in taxation, Horizontal Vs Vertical equity. The benefit and ability to pay approaches. Index of ability to pay, concepts of equal sacrifice and tax formulae under different concepts. The index of equality consumption Vs Income.

The Theory of Incidence :

Alternative concepts of incidence. Problems and difficulties encountered in formulating general theory of incidence.

Neutrality and the avoidance of excess burden. The excess burden of indirect taxation controversy.

Study of different taxes :

Income tax, corporation tax, Expenditure tax, Wealth tax, Work saving, Output effect of Income tax and commodity taxes.

Structure of revenue and public expenditure in India. Debt burden controversy, Indian Public debt and its management.

Fiscal Policy :

Growth, equity and stability - Indian scenario, Multiplier effects of a balanced budget, Deficit budget, Multiplier in and under developed economy, built in flexibility, problems of Formula Flexibility, Rules Vs. discretion.

Basic Readings :

- (1) Musgrave, R.A. : The Theory of Public Finance,
- (2) Prest, A.R.: Public in Theory and Practice (3)
- Due, J.F. : A Government Finance, An Economic Analysis. (4) Buchanan, J.M. : The Public Finance
- (5) Downs, A. : An Economic Theory Democracy
- (6) Pracock, A.T & Wiseman J. : The Growth of Public Expenditure in the United Kingdom (7) Bird, R.M. : The Growth of Government Spending in Canada (8) Bird, R.M. and Oldman, O : Reading on Taxation in Developing countries (9) Blaug, M (ed) : Economics of Education Vol. (1,2,3,4,5, 11)
- (10) A.E.A and Royal Economic Society : Surveys of Economic Theory (Vol.I), Misan's Survey of Welfare Economics and Vol.III, Theories of Cost Benefit Analysis : A.R. Present and Turvey (11)Buchahan, J.M. : Public Principles of Public debt (12) Buchahan, J.M. : Fiscal Theory and Political Economy (13) Turvey, R. : Public Enterprises (14) Gupta, S.P. ; Economics of Scale in local Government Services (15) Peacock, A.T. : Income Redistribution and Social Policy (16) Kaldor, N. : An Expenditure Tax (17) Kaldore, N.: Indian Tax Reform (18) U.N. : A Manual for economic and functional classification Government Transaction (1985) (19) Peacock, A.T. and Shaw, C.K. : The Economic Theory of Fiscal Policy (20) Chelliah, R.J. : Fiscal Policy in undr-developed countries (21) R.A. Musgrave and P.B. Musgrave: Public Finance in Theory and Practice.

PAPER-VII

a. MATHEMATICAL ECONOMICS

Theory of Consumer Behaviour :

Basic concept, the nature of utility function, in difference curves, the marginal rate of substitution, the maximisation of utility. The choice of a utility index, Demand curves, substitution and income effect, The Slutskv equation, Cross effects, substitutes and complements. The theory of revealed preference axioms. The substitution effects.

Theory of Production :

Basic concepts, the production function, isoquants, optimising behaviour, constrained output, Maximisation and cost minimization. Profit Maximisation, cost functions, Short-run and long-run cost function, Hornogeneous production function, CES and Cobb Doublas production function, C.E.S. production as a family of production, function, Buler's theorem and distribution joining products.

Market Equilibrium :

Demand function, the derivation of supply function for different time - periods, External economics and diseconomics, the equilibrium of commodity market, factor-market equilibrium. Dynamic equilibrium with lagged adjustment, Cobweb models.

Nationalised Industry and Public Ownership (26) T.J. Hughes & D.E.T. Luard : The Economic Development of Communist China (27) Ghoh Mitagli (ed) : Industrial Development of Communist China (28) Alexander Eckstein : Economic Development of Communist (29) George W.W. Hoffman : Yugoslavia and the ne2w communism and Free Warner Neal (30) Alver Waterson : In Yugoslavia (31) C.A.T. Crossland : The Future of Socialism (32) M. Dobb : Studies in the Development of Capitalism (33) Oskar Lange & Fred M. Taylor : On the Economic Theory of Socialism. (34) Charles Betrlie : Soviet Economy (35) Charles Betrlie : Political Economy of Socialism (36) John Robinson : freedom and Necessity (37) Mydras : Village in China.

PAPER - VII

c. AGRICULTURAL ECONOMICS

Role of agriculture in economic development. Models of Lewis and Fei and Ranis : Subsistence (traditional) agricultural and its modernisation, agricultural surplus and its method of mobilisation.

The Neo-classical Theory of Farm Production :

The farm as a decision making unit for resource allocation, production function, substitution between inputs, enterprise choice. The profit maximising farm.

Keynesian model the multiplier. The Keynesian theory of income determination - IS and LM schedules, the labour market, the complete Keynesian model, Keynes and the classics, Government expenditure and taxation, the Multiplier, the IS and LM Schedules, Taxes with income. Second order difference equations and Linear models, the trade cycle - the Hicks - Simuelson Multiplier - Acceleration interaction.

Simple Growth Model :

Harred - Domar model, A General Neo Classical Model - Solow model.

Basic Reading :

1. Henderson, J.M. & Quantt, R.E. : Macro Economic Theory, Mathematical Approach, (Chapter - 1,2,3,4, 5, 6 Appendix).
2. Allen, R.G. D : Macro Economic Theory, A Mathematical Treatment (Chapters- 2,6,7,8, 11,14, 17).
3. Dorfman, Samuelson Solow - Linear Programing, Economic Analysis (Chapters - 1,2,3,4,5,9,10,11,15 and 16).

PAPER-VII

b. ECONOMIC SYSTEM

Performance Criteria and values, Traditional Economics and Feudal System, Earlier Capitalism - its institutional characteristics and problem. Advanced Capitalist Economy, its institution, Strength and defects/ Democratism.

Planning and Control in Capitalist Economics, Nationalisation and role of Public Enterprises, views of capitalism, The conservative view (Adam Smith, Friedrich Hayek and Milton Friedman). The Liberal views (John Stuart Mill Keynes Schumpeter and Galbraith), The radical view (Marx and Sweezy).

The command socialistic Economics - institutions and organisational structures of the Soviet and Chinese Economics. Centralised Planning Goals, Coordination techniques and execution of the plans.

Short term plans (as a substitute for market mechanism), medium and long term plans, planning and prices incentive. Factors behind rapid growth in command economics. Possible returning and accelerating factors.

The socialist market economy - An appraisal of decentralization Yugoslavia.

Books for Reference :

a) Economic System :

(1) Gregory Grassman : Economic Systems, (2) Richard Romano & Melvin Leman (eds) : View of

capitalism (3) William, N. Louck : Comparative Economic Systems (4) Carl Landauer : Contemporary Systems (5) George N. Halm : Economic Systems - A comparative analysis (6) Morris Bornstein : Comparative Economic Systems Models and Cases (7) Marshall, J. Coldman : Comparative Economic systems - A Reader (8) Wayne A. Leeman : Capitalism, Market Socialism and Central Planning, (9) Friedrich A. Hayek : The Road in Serdom (10) Nicolas Spulber : The Soviet Economy (11) Franklin, D. Holzman : Readings on Soviet Economy (12) Morris Bornstein and Danie, R. Fufeld : The Soviet Economy, A Book of Readings, (13) Abram Bergson : The real National income, Soviet Russia since 1928 (14) Abram Bergson and Simon Kuznets (eds) : Economic Trends in the Soviet Union (15) Kevert W. Campbell : Accounting in Soviet Planning and Management (16) Milton Friedman : Capitalism, Socialism and Democracy (17) Joseph A. Schumpeter : Capitalism, Socialism and Democracy (18) John K. Galbraith - (i) American Capitalism, the concept of countervailing power (ii) The Industrial State (iii) The Affluent Society (19) Paul Baran and Paul Sweezy : Monopoly Capital (20) Henry Wallich : The cost of Freedom, Conservation and modern capitalism (21) Paul Sweezy : The Theory, Capitalist Development (22) Aleo Nove : The Soviet Economy (23) Abram Bergson : The Economics of Soviet Planning (24) Carl Landauer : European socialism, A History of Ideas of Movements (25) William A. Babson :

- b) Problems of Auto correlation and its consequences. Generalised Least Squares. Tests for presence of Auto correlation disturbance. Estimation methods and prediction problems.
- c) Problems of Multi co-linearity and its consequences.
- d) Problems of Hetero dasticity, consequence, weighted regression.
- e) Use of Dummy variable regression analysis.
- f) Distributedlrlog models - Koyck transformation.

Simultaneous equation System :

- a) Meaning of Structure and Model - Structural form and Reduced form.
- b) The identification problem, rank and order conditions of identification.
- c) Methods of estimation with properties.
 - i) Reduced form estimation & indirect least square.
 - ii) Two stage least squares.
 - iii) Limited information, Single or least variance ratio.
 - iv) Full information- maximum likelihood.
 - v) Three stage least squares.

Empirical Econometrics :

Application of theory of econometrics in estimation of Demand Cost and production function.

Nature of risk and uncertainty :

Type of risks and uncertainty in agriculture : nature of risk behaviour among the farm households. The impact of risk and uncertainty on organisation production policy implications, crop insurance.

Farm Size and Technical Change :

Economic concepts of scale and farm size. Farm size and factor productivity, inverse relationship between the farm size and productivity (the India debate).

The share cropping Peasants :

Forms of tenure and tenancy, economic and social impact of tenancy on farm production and income, alternative views.

Technical Change :

Economic analysis of technical change, induced innovation, farm mechanisation and HYV technology, shift in production function, Green revolution and income distribution, nature and cause of green revolution, effects of green revolution on income and on relative factor shares.

Agricultural growth in India :

Inter regional variations in growth of output and productivity.

Agricultural Prices :

Demand and supply of agricultural products. Determination of agricultural price: the cost

of production as basis of prices policy. Parity: rice parity with other sector, with international price level, Recent debate on determination of agricultural price in India.

Terms of trade between agriculture and non-agriculture.

Agricultural Factors Markets :

Production factor - Characteristics of factor markets - Inter - linkages between land-labour, product and capital markets in traditional and developing agriculture.

Role of capital and Agricultural Credit :

Structure of formal and informal credit markets. The concept of forced commerce. Progress and Problems of formal credit in India, interest rates policy and its implication, Input market structure and marketing efficiency.

Inter regional variation in growth of output and productivity.

Books for Reference :

Selected Reference :

(1) Ellis : The peasant household economy
(2) Hayami, Y and V. Rutch (1971) : Agricultural Development : an International perspective, John Hopkin Balarmore
(3) Rudra, A. (1982): Indian Agricultural Economics - Myths and Realities, New Delhi
(4) Bardhan, P. (1984): Land, Labour and Rural poverty, Oxford University Press, New Delhi
(5) Basu, K. (1984): Less Developed Economy : A critique of

contemporary Theory, Oxford University Press, Delhi
(6) Bhaduri, A : The Economic Structure of Backward Agriculture, Macmillan, Delhi.
(7) Ghatak, S. & K. Intensent : Role of Agriculture in Economic Development
(8) Booth and Sundrum (1986) : Labour absorption in Agriculture.

PAPER-VIII

a. ECONOMETRICS

Single Equation System :

1. Classical Linear Regression :

The two variable model, assumption - least square method, for estimation of regression parameters and the Gaus Mark off theorem, Estimation of the error variance, test and confidence intervals. The correlation coefficients, Analysis of variance.

2. Extension of two variable Model :

Two variable non-linear relationships and significance test.

3. General Linear Model :

Assumptions, Least Square estimation, significance tests and coefficients in two relations.

Limitations of least Square Method in Regression Analysis :

- a) Problem of Error in variables and approaches to solve this.

Agricultural Prices :

Agricultural Prices Policy & Public distribution system.

Rural Industrialisation :

Concept and Scope Govt. Pricies, Mini-Industrial estate, TRYSEM. Strategies of Rural Development in Plans, Poverty Alleviation programmes, People's participation, Voluntary agencies.

Books for reference :

(1) Srinivas : Tradition and Modernity (2) Dube : Indian Vilage (3) A. Coirncross : Non-Economic Factors in Economic Grwoth (4). Teodre Schultz : Transforming Traditional Agriculture and Income Distribution (5) Dendekar & Rath : Poverty in india (6) Hammuntha Ray : Technological Change in Agriculture and Income Distribution (7) S.K. Dey: Community Development (8) Namavati & Anjaris: India's Rural Economy (9) Sethy : Gandhian Economics (10) Bhagwati : Report on Unemployment (11) Todara : Economic of Third World Countries, (12) Singh Kartar (1996) : Rural Development, Sage, Delhi, (13) Iswarn M. Kotwal,: Why Poverty persists in india, Oxford University Press.

Casting :

Fore casting with single equation. Regrenion model, Short - term forecast & long-term forecast.

Books for Reference :

(1) Johnston J : Econometric Methods (2) A. Walters : An Introduction to Economic (3) C.E.V. Lesser : Econometric - A Technique and problems.

Suggested References :

(1) Goldberger, V.S : Econometric Theory (2) Klein, L.R. : A Text Book of Ecnometrics (3) Klein, L.R : An introduction to Econometrics (4) Christ, C.F. : Econometric Models and Method (5) Tinter, F. : Econometrics (6) Wonnacr, J. & Wonnacott; T.H. : conometrics (7) Malinwood F : Statistics Econometrics (8) Cromer, J.S.L : Empirical Econometrics (9) Lange, O : An Introduction of Econometrics (10) Valanis, S. : Econometrics (11) Klenin, L.R. & Goldberger, A.S : Impact Multipliers Properties of the Klein Goldberger Model (12) Rao,C.R (ed): Essays on Econometric and Planning (13) Mohanobis P.C. : The approach of operational research of Planning in india (14) Tinvergen, J. : Econometrics (15) Tinter, G": Methodology of Mathematical Economics and Econometrics (16) Theil, H : Economic Procasting and Policy (17) Theil, H. : Economics (18) D.W.C. & Koopmanst: Studies in Econometrics, Methods, New York, Wiley (19) Klein, L.R. : Economic Fluctuation in the United states, 1921, 1951, New York Wiley (20) Prais, S.J. and Houthakker,

H.S. : The Analysis of Family Budgets, Cambridge University Press (21) Stone, R : The Role of Measurement in Economic, Cambridge University Press (22) Drymes, P.G : Econometrics, Harper and Row (23) Merill, W.C. & Karl Fox : Introduction to Economic Statistics (24) Would, H.D.A & Jureen : Demand Analysis (25) Stone, R : Measurement of Consumer Expenditure and Behaviours in the U.K (26) Zellner: Readings in Economic Statistics and Econometrics (27) Aitchinson & Browa : The Lognormal Distribution

Theoretical Statistics :

(1) Crammer, H. : The Elements of Probability Theory (2) Parze, H : Modern Probability Theory and its application (3) Grammer, H : Mathematical Methods of Statistics (4) Rao, C.R. : Advanced Statistical Methods in Biometric Research (5) Mood, A.M. : Introduction to the Theory of Statistics (6) Willks, S.S. : Mathematical Statistics (7) Anderson, T.W. : Introduction to Multivariate Statistical Analysis (8) Anderson, R.L. and Beneraft, F : Statistical Theory in Research (9) Foller, W : An Introduction to Probability Theory and its application (10) Rendell, M.G. : The Advanced Theory of Statistics Vols. I & II (11) Roy, S.N. : Some Aspects of Multivariate Analysis (12) Schufe, H : The Analysis of variance (13) Kemeny, J.G. and Shell, J.L. : Finite markov Chains (14) Grybill, F.A : An Introduction of Linear Statistical Models (15) Kendall M.G : A Course in multivariate Analysis.

PAPER- VIII

b. RURAL DEVELOPMENT

Introduction:

Meaning of Rural Development. Basic concept of Development, objectives of development. The rising expectations and development. Man as the cause and consequences of development.

Determinants of Rural Development :

Introduction, changes in output : Changes in utilization of natural resources, employment, technology. Changes in organisational and institutional framework. Relation between Rural development and determinants.

Land :

Utilisation, land reforms, rural labour and employment; disguised unemployment and estimation at poverty.

Production :

Agricultural growth in India, green revolution and farming technology.

Capital formation in Rural Section :

Credit institutional and non-institutional; role of NABARD and RRS.

Rural Marketing :

Regulated markets and co-operative marketing.

PAPER-VIII

**c. THEORY OF INTERNATIONAL TRADE
AND TRADE POLICY**

Pure Theory of International Trade, Theory of Comparative advantage, classical and neo classical contributions of Smith, Ricardo, Mill, Marshall, Trussig, Edg worth, Viner and Haberies etc.

General equilibrium theory of national and international trade and factor price equalisation, Contribution of Hecksher Olhin, Leentief Ellsworth, Samuelson and Lancaster, Different concepts of trade commodity, terms of trade, Net Barter and Gross Barter, terms of trade, single and double Factoral terms of trade and income terms of trade, Gains from international trade, Relationship between terms of trade and gains from trade.

Monetary theory of International trade, International Accounts, Balance of payments, disequilibrium in international payments - Adjustment mechanism classical approach under fixed and flexible exchange rates, income and absorption approaches, Direct trade control - Exchange Controls, Multiple exchange rate, Fiscal controls, quantitative trade restriction. Late trading control, control of short term capital movement, Flexible Exchange ratio. International and External Balance.

Foreign trade Multiplier, Determination of exchange rates, Demand and Supply of export and import, Market for foreign currency, Purchasing power parity theory.

Transfer Problems :

Problems of International liquidity and the role of I.M.F. in solving this problems, international currency plans, International issues for developing monetary countries. Theory of tariffs Free trade versus protection, Welfare implication · of international trade customs unions, Foreign exchange problems for developing countries, commercial policy and economic development. The terms of trade of developing economics, Export instability of stabilisation policies, the role of UNCTAD.

Books for Reading :

(1) Kindle Berger, C.P. : International Economics
(2) Walter, I : International economics (3) Ohin, B: International and International Trade (4) Harberler : Theory of International Trade (5) Bhagwati, J (ed) : International Trade (6) Staley C.E : International Economics (7) Soammel W.M.: International Monetary Policy (8) Krause W: International Economics (9) Ellsworth : International Economy (10) Meade, J.E. : The Theory of International Economic Policy, Vol-I.

Books for Reference :

(1) Viner, J : Studies in the Theory of International Trade (2) Cavas, R.E : Trade and Economic Structure (3) Soddrasten, B.C. : International Economics (4) Bowda, K.V : International Currency Plans & Expensional Trade (5) Mukherjee, S : Factor Endowment and

International Trade (6) Ford; Chlin Hacksher Theorems (7) A.E.A : Reading in the Theory of International Trade (8) Theoretical issues International Economics - Clement Prsiter and Roth - Whill (9) Kreini, M.E. : International Economics (10) Johnson, H.C : International Trade Economic Growth (11), Johnson, H.G : Money trade Economic Growth (12) Readings in International Economics.