



Fatima Mata National College **(Autonomous)** **Kollam**

Scheme & Syllabus of
Post Graduate Degree in Economics
2019 Admission Onwards

Semester	Paper Code	Title	Instructional hours per week
I	19PEC11	Microeconomics I	7
	19PEC12	Economics of Growth and Development	6
	19PEC13	Indian Economic Policy I	6
	19PEC14	Quantitative Methods for Economics	6
II	19PEC21	Microeconomics II	7
	19PEC22	Economics of Social Sector and Environment	6
	19PEC23	Indian Economic Policy II	6
	19PEC24	Econometrics and Research Methodology	6
III	19PEC31	Macroeconomics I	7
	19PEC32	International Economics I	6
	19PEC33	Public Economics	6
	19PEC34	Agricultural Economics	6
IV	19PEC41	Macroeconomics II	7
	19PEC42	International Economics II	6
	19PEC43	Financial Securities Market Analysis	6
	19PEC44	Industrial Economics	6
		Project/Dissertation	
		Internship (Two weeks)	

MA ECONOMICS
PROGRAMME SPECIFIC OUTCOMES (PSOs)

The Department of Economics, Fatima Mata National College (Autonomous), Kollam, offers Two Year (comprising 4 semesters) Postgraduate Programme in Economics with the primary objective of enabling the student to acquire wide-ranging knowledge of modern economics as an academic discipline. The student is also expected to be able to use theoretical and empirical methods to analyse economic problems and to plan and carry out a research project. After having completed MA Economics Degree Programme, the student acquires the following knowledge and skills/competences.

Knowledge

The student acquires profound knowledge and deep understanding in:

- Economic theory concerning the utilisation and allocation of resources
- How markets for goods and services function and how income is generated and distributed.
- The multifaceted and distinct landscapes of Indian Economy
- The way in which an economy is influenced by economic policy, technological advances and demographic conditions
- The special fields such as Agriculture Economics, Industrial Economics, Banking and Non-Banking Financial Sector and Securities Markets, Public Economics, Development Economics and Social Sector, International Trade and Globalisation

Skills/ Competences

The student will be able/competent to:

- Analyse Economic Models and evaluate their relevance for problem solving
- Expound how the theoretical framework and empirical conditions are connected
- Formulate Economic Models and quantify Model Parameters from data
- Conduct significant and meaningful Research work in Economics

Semester I

19PEC11: MICROECONOMICS – I

(Hours per semester: 120 Hours per week: 7)

Course Specific Objectives

- To explain how consumers and producers are behaving in the market
- To discuss the various aspects of the conventional as well as the recent developments of demand analysis.
- To identify the principles of economics in application to individual decision makers, both consumers and firms
- To explain the long run and short run behaviour of the producer
- To analyse technological progress and production process
- To analyse traditional as well as the modern theories of cost.
- Distinguish between different market structure and explain price and output determination
- To explain game theory and Prisoners dilemma.
- To assess managerial and behavioural goals of the firm.

Module I: Demand Analysis (20hrs)

Revealed Preference Hypothesis, Hicks Revision of demand theory, Choice under uncertainty- Bernoulli Hypothesis, Friedman – Savage Hypothesis, Neumann- Morgenstern approach. Recent developments in demand theory- Pragmatic approach to demand analysis - constant elasticity demand function - distributed lag models (Nerlov's stock adjustment principle, Houthakker's and Tylors dynamic model) - linear expenditure system.

Reference:-

1. Koutsiyannis, A (2013), Modern Microeconomics, Macmillan Press
2. Baumol, W.J (2009), Economic Theory and Operations Analysis, Prentice-Hall (P) Ltd, New Delhi.
3. Varian H.R (2003), Intermediate Micro Economics
4. Stigler G (1996) Theory of Price (4 th edition)

Module II: Production & Cost Analysis (22 hours)

Production function - homogenous and non-homogenous production functions , Technical progress and production function - capital deepening, labour deepening and neutral technical progress - exogenous and endogenous technical progress , Empirical production functions - Cobb-Douglas and Constant Elasticity Substitution production function , Production function of a multi-product firm.

Modern theories of cost - short run and long run - engineering cost curves - short run and long run - analysis of economies of scale - real and pecuniary economies of scale.

Reference:-

1. Varian H.R (2003), Intermediate Micro Economics, East – West Press Edition (P-364- 393),
2. Costa Da G.C (2001), Value and Distribution (P.79-81, 89-95),
3. Koutsiyannis, A (2013), Modern Microeconomics, Macmillan Press, London

Module III: Imperfect Market Structures (38 hours)

Monopoly - monopoly power - social cost of monopoly - price discrimination - international price discrimination and dumping – inter-temporal price discrimination and peak load pricing - two-part tariff - tying and bundling - public policies towards monopolies - antitrust laws, regulations, public ownership - monopoly welfare loss. Monopolistic competition- Chamberlin's (large group) model - equilibrium with new firm entering the industry; with price competition; with price competition and free entry- excess capacity – mark up over marginal cost - debate over advertising.

Oligopoly- Non-collusive oligopoly - Cournot's duopoly, Bertrand duopoly, Chamberlin's small group model, Sweezy's kinked demand curve model. Collusive oligopoly - cartels aiming at joint profit maximization and market sharing cartels – price leadership models; by low cost firm, by a dominant firm -barometric price leadership. Public policy towards oligopoly: Antitrust laws,

Reference:-

1. Salvatore, Dominick (2009), Principles of Microeconomics (P-301-303,309-314),
2. Mankiw, Gregory.N (2012), Principles of Microeconomics, 6th Edn, Cengage Learning (P-313,318-323,335-344,355-365).
3. Koutsiyiannis, A (2013), Modern Microeconomics, Macmillan Press, London (P-202- 212,216-232,237-252,412
4. Costa Da G.C (2001), Value and Distribution

Module IV: Theory of Games (20 hours)

Pay of matrix-Pure vs. mixed strategy – dominant strategy and Nash equilibrium - Prisoner's dilemma - Zero-sum game & non zero-sum game - Repeated games - enforcing a cartel – sequential games – game of entry deterrence. Game Applications - important issues in game theory - cooperation, competition, coexistence and commitment.

Reference: -

1. Varian H.R (2013), Intermediate Micro Economics, East – West Press Edition (P-525- 565).
2. Pindyck, Robert.S, Rubinfeld, Daniel, L, Mehta, Premlal, L (6th edition), Micro Economics (P. 355-365,369-391),
3. Salvatore, Dominick (2009) Principles of Microeconomics (P-365-371)
4. Koutsiyiannis, A, Modern Microeconomics, Macmillan Press, London (P-406-412)

Module V: Marginalist Controversy& Managerial and Behavioural Theories of Firm (20 hours)

Hal and Hitch Report and Full cost pricing principle- Gordon's attack on marginalism, Bains limit pricing-collusion with and without new entrant- Sylos Labini limit pricing model, Baomols theory of sales revenue maximization-single product model with and without advertisement, Marris model of managerial enterprise, Williamsons model of managerial discretion, Cyert and March Behavioural model.

Reference:

1. Costa Da G.C (2001), Value and Distribution (P 184-186, 196-202)
2. Koutsiyiannis, A (2013), Modern Microeconomics, Macmillan Press, London (P 256-267,305-313,325-333,368-370)
3. Bain j (1958) Barriers to New Competition, Harward University USA

MODEL QUESTION PAPER**19PEC11: Microeconomics-I****Times: 3 Hrs****Max Mark: 75****SECTION -A****Define the following in one or two sentences.**

1. Linear expenditure system
2. Production function
3. Technical progress
4. Economies of scale
5. CES production function
6. Monopoly power
7. Price discrimination
8. Nah equilibrium
9. Cartel
10. Limit price

(10X1=10Marks)**SECTION-B****Answer any 7 of the following. Each not exceeding 500 words**

11. Explain Friedman Savage Hypothesis.
12. Discuss Nerlovs Stock adjustment principle.
13. Briefly explain different types of technical progress
14. Discuss the production function of a multi-product firm.

15. Explain Engineering cost curves.
16. Briefly explain public policies towards monopolies.
17. Discuss Betrand's oligopoly model.
18. Explain Sylos Lbinis limit pricing model.
19. Discuss Marris model of managerial enterprises.
20. Explain Prisoners dilemma.

(7X5=35 Marks)

SECTION-C

Answer *any 3* of the flowing. Each not exceeding 1200 words.

21. Explain the Hicks Revision of demand theory.
22. Discuss modern theories of cost.
23. Write an essay on Cartel.
24. Explain price leadership models by low cost firm and dominant firm.
25. Discuss important issues in game theory.

(3x10=30 Marks)

19PEC12 ECONOMICS OF GROWTH AND DEVELOPMENT

(Hours per semester: 110 Hours per week: 6)

Course specific outcome

- To understand important theories on economic growth and selected issues in economic development.
- To familiarize students with contemporary issues in economic growth and development, economic inequality, rural-urban interaction and other development issues.

Module I: Approaches to Development (30hrs)

Measuring Development and development gap, Tinbergen and Leontief studies. The challenge of development economics. Perpetuation of under development. Inequality of Income - Kuznets Inverted U Hypothesis- Poverty Famine Entitlements Absolute, Relative poverty, Poverty Trap .Poverty Measures: Head count Ratio, Poverty gap. Human Poverty Index. Multidimensional Poverty Index. Food Security. Human capital and Human resource development - Migration and Development- Todaro Model. Economic development and institutions. - Markets and Market Failure- State and State Failure. Issues of Good Governance. Sustainable development. - Human rights Approach to development.

Module 2. Theories of economic growth (30hrs)

Classical - Smith, Ricardo, Marx and Schumpeter, Harrod-Domar model, instability of equilibrium. Neoclassical Growth Models-Joan Robinson, Solow's Model steady state growth, Meade, Kaldor, Mirlees, Pasinetti.

Module 3 Production Function Approach To Development. (20hrs)

Production Function Approach to economic growth. Total Factor Productivity and growth accounting. Solow's sources of growth, Denison's sources of growth .Convergence hypothesis, conditional and unconditional. Optimal savings and Ramsay's rule. Golden rule of Accumulation Edmund Phelps. Technical Progress - Hicks, Harrod. Embodied and disembodied technical change. Learning by doing Endogenous growth models - Romer.

Module 4: Strategies and Sectoral aspect of development(20hrs)

Dualism, Two sector model of Uzawa, Fei Ranis Model, Dixit Marglin Model, Jorgenson Model, Dependency theory of development-Samir Amin, Gundar Frank, Emmanuel Wallerstein. Structural change models. Cost benefit analysis - choice of techniques - alternative technology and appropriate technology- infrastructure and development terms of trade between sectors.

Reference

1. Adelman I (1961) Theories of Economic Growth and Development. Stanford University Press Stanford
2. Behrman and T N Srinivasan (1955) Hand Book of Development Economics. Vol 3 Elsevier Amsterdam
3. Brown M (1966) On the Theory and Measurement of Technical Change, Cambridge University press Cambridge.
4. J Behrman and T N Srinivasan (1955), Handbook of Development Economics, vol.3. Elsevier, Amsterdam.

5. A.P Thirlwall-Growth and Development
6. Gerald M Mair- Leading issues in Economic Development
7. Michael P Todaro- Economics for a developing world
8. Simon Kuznets – Modern Economic Growth
9. Chenery, H.B. et.al (Eds) (1974), Redistribution with Growth. Oxford University Press, Oxford.
10. Chenery, H and T.N Srinivasan (ECs) (1989), Handbook of Development Economics, Vol. 1& 2, Elsevier, Amsterdam.
11. Dasgupta. 1. (1993), An Enquiry in a well-being and Destitution. Clarendon Press, Oxford.
12. Ghatak,s (1986), An introduction o Development Economics, Alien and Unwin, London.
13. Gillis.M, D.H.Perkins, M.Romen and D.R,Snodgrass (1992), Economics of Development (3rdEdition). W.W Norton, New York.
14. Gimmell N., (1987) Surveys in Development Economics. Blackwell, Oxford.
15. Higgins, B. (1959), Economic Development, W.W.Norton. New York.
16. Hogendorr, J. (1996) Economic Development Addison. Wesley, New York.
17. FCahkonon. S. and M. Olson (2000), A New-Institutional Approach to Economic Development Vistaar.
18. Kindleberger C.P. (1977), Economic Development (3rd Edition), McGraw Hill, New York
19. Debaraj Ray, Economic Development - Oxford University Press, New Delhi.
20. Meier.G.M (1995), Leading Issues an Economic Development. (6th Edition). Oxford University Press, New Delhi.
21. Myint.HIa (1965), the Economics of Underdeveloped Countries, Preager, New York.
22. Myint, H. (1971), Economic Theory and Underdeveloped Countries. Oxford University Press, New York.
23. Todaro M P and Stephen C. Smith (2003) Economic Development (8th Edition) Pearson Education, Delhi.
24. Thirwal, A P (1999), (6th Edition), Growth and Development. Macmillan, U.K.

ADDITIONAL READING LIST

Module 1

1. Dasgupta. P. (1993). An Enquiry into well-being and Destitution. Clarendon Press, Oxford.
2. Hirschman. A.O. (1958). The strategy of Economic Development. Yale University Press, New York.
3. Lewis. W.A... (1955). the Theory of Economic Growth. George Allen &Unwin London.
4. Malhotra and J. Richard (1995) Development with a Human Face. OUP New Delhi.
5. Meir G.M. & Seers (Ed) (2000) Pioneers in Development OUP, New York.
6. Meir A M & Rauch. J.E. Leading Issues in Economic Development.
7. Mydral (1952): Economic Theory and Underdeveloped Regions. Ducky
8. Todaro M. P. (1996): Economic Development. Longman, London, (6th Edition
9. Thirlwal A P (2003) Growth & Development Macmillan
10. UNDP (1994). Human Development Report United Nations New York.
11. UNDP (1997). Human Development Report. United Nations New York
12. UNDP (2001) Human Development Report. United Nations New York
13. World Bank (2000) World Development Report 2000/2001 Attacking Poverty OUP New York.

Module 2

1. Jones H.G. (1976): An Introduction to Modern Theories of growth and Development McGraw Hill 1976
2. Meir and Baldwin: Development Theory History and Policy Chapter 3 to 5.
3. Debaraj Ray 1998): Development Economics Chapter 3, Oxford University Delhi.
4. Sen A.K. (Ed) (1990) Growth Economics Penguin.
5. Thirlwal A.P. (2003). Growth and Development (7th ed) Macmillan U.K.
6. Solow R.M. (2000); Growth Theory. An Exposition, OUP.

Module 3

1. Barrel R.G. Mason & M.C Mahoaey (2000): Productivity, Innovation Economic Performance. Cambridge University Press. Cambridge.
2. Barrow. R & X .Sela-1 Martin. Economic Growth. McGraw Hill, New York.
3. Chakravariar S. (1982) Alternative Approaches to the Theory of Economical OUP, New Delhi.
4. Hayamin. (1997). Development Economics OUP. New York.
5. Meadows D.H. et.al. (1972): Limits to Growth Universe Books. New York.

6. Sen A.K. (Ed) (1990) Growth Economics Penguin.
7. Taylor.G. L.C (1979) Macro Models for Developing Countries. McGraw Hill, York.
8. Solow R.M (2000) Growth Theory : An Exposition pUP,
9. Therberge J.D. et. al. (1968). Economics of Trade and Development, JohnWiley New York
10. Thirlwal A.P. (2003), Growth & Development 7th ed. Macniillan
11. Debaraj Ray (1998). Development Economics. Oxford University Press, Delhi.

Module 4

1. Campbell, N and F Burton (Eds) (1995), Japanese Multinationals, Routledge York.
2. Dasgupta A.K. Sen Marglin (1972) Guidelines for Project Evaluation UNIDO Vien

MODEL QUESTION PAPER 19PEC12: Economics of Growth and Development

Time: 3 Hours

Max. Marks: 75

SECTION – A

Define the following in **one** or **two** sentences

1. Poverty Trap
2. Food Security
3. State Failure
4. Factor Productivity
5. critical growth rate
6. unconditional convergence
7. Golden age
8. Disembodied technical change
9. Structural change
10. Appropriate technology

(10×1=10 Marks)

SECTION – B

Answer any **7** questions. **Each** should **not** exceed **500** words.

11. Explain Development and development gap
12. Illustrate Tinbergen and Leontief studies on development gap
13. Explain Absolute, Relative poverty
14. Examine Issues of Good Governance
15. Discuss Solow residual
16. Write steady state growth
17. Discuss Production Function Approach to economic growth.
18. Explain Convergence hypothesis
19. Describe Structural change models
20. Terms of trade between sectors

(7×5=35 Marks)

SECTION – C

Answer **any three** questions. Each answer should **not** exceed **1200** words.

21. Critically examine endogenous and exogenous theories of growth
22. Examine Dependency theory of development
23. Elucidate the measurements of inequality of income
24. Explain Migration and Development Todaro Model
25. Critically evaluate Meade model of growth

(3×10=30 Marks)

19PEC13 INDIAN ECONOMIC POLICY PAPER I

(Hours per semester: 110 Hours per week: 6)

Course Description

- The Purpose of this course on Indian Economy is to enable the students to have an understanding of the various issues of the Economy with a policy perspective. The entire syllabus is divided into four segments and their policy implications.

Course specific outcome

1. To enable the student to have a clear picture about the closed economic policy framework and the rationality behind the introduction of neo liberal policy framework in India.
2. To assist the student to make an evaluation of structural and stabilization policies and reforms of 1991 and recent economic policies.
3. To enable the student to understand a good picture about the sectoral composition and its contribution to GDP
4. To equip the student to focus on of the current challenges of Indian economy
5. A way forward: enable the student to think about environment and economic concerns together

Contents

Module 1

Economic Policy Prior to 1991[15 hours]

Mixed economic framework- Rationality- Development strategy- Five Year Plans- Goals and objectives- failures and achievements of Plans- Role of Public Sector- Govt. policies towards public sector- closed economy- problems of closed economy- starting point of neo liberal policy ideas in 1980s- financial crisis of 1991

References

1. Uma Kapila “Indian-Economy Since Independence-A Comprehensive and Critical Analysis of India’s Economy” 1947-2018
2. M M Suri, Vibha Mathur “Five Year Plans of India” 2013
3. P K Jain, Seema Gupta, Surendra S Yadav “Public Sector Enterprises in India” 2014

Module 2

Economic Policies since 1991 [25 hours]

Stabilization and structural adjustments programme- rationale of reforms- Liberalization- Deregulation of Industrial sector- tax reforms- Financial Sector reforms- Foreign Exchange reforms- trade and investment policy reforms- privatization- disinvestment- problems associated with privatization- role of MNCs- FDI and FII- Globalization- WTO and India’s Globalisation- reforms in fiscal and monetary policies- Evaluation of economic reforms- trend in recent economic policy- dissolution of Planning commission- NitiAyog- impact of Global financial crisis on Indian economy- trends in national and percapita income- Demonetization and its effects on the economy- effects of demonetization on the macroeconomic variables.

References

1. B A Prakash “The Indian Economy Since 1991:Economic Reforms and Performances” 2012
2. Uma Kapila “Indian Economy Performances and Policies” 2011

Module 3

Sectoral composition and policy perspective [35 hours]

Role of agriculture in Indian economy - technological change in agriculture - size - productivity- pricing and marketing- agricultural policy prior and after economic reforms in 1991-contribution to GDP- current issues in Indian agriculture- possible way out.

Reforms in industry- growth and pattern of industrialization- recent trends- terms of trade between agriculture and industry- Small scale industries- current status- impact of reforms on SSI- role of manufacturing and ICT based industries- Contribution to GDP- limitation of policies

An overview of service sector- performance and potentialities of energy sector, transport and communication and tourism. FDI inflow in Service Sector - Contribution of Service Sector to India’s GDP.

References

1. Uma Kapila “Indian Economy: Issues in Development & Planning and Sectoral Aspects 2011
2. J K Misra and V K Puri “Indian Economy- 2014

Module 4

Current challenges of Indian Economy

Demographic Changes- Trends and Patterns, Population Policy and drawbacks. Poverty in India- Estimation of Poverty and their limitations, recent committee Reports - Tendulkar, Saxena, Hashim and Rangarajan-policies and programmes towards poverty alleviation. Inequality- trends and causes. Unemployment in India - Trends and pattern of rural and urban unemployment- underemployment- Recent Employment Guarantee Programmes. Rural Development- financial inclusion. Urbanization and its trend- challenges of urbanization- Social and economic infrastructure- Health and Education- current scenario- financing infrastructure development- environment and sustainable development- strategies for sustainable development.

References

1. S K Misra “ Indian Economy” 2015
2. M M Suri : Indian Economy in the 21st Century” 2004
3. J K Misra and V K Puri “Indian Economy- 2014

MODEL QUESTION PAPER 15PEC13: Indian Economy Policy Paper I

Time: 3 Hrs.

Max. Marks: 75

Section A

Answer the following. Each in one or two sentences. Each questions carries 1 mark.

1. Economic policy
2. Goals of Five year plans
3. Mixed economy
4. Stabilization and structural adjustment programmes
5. ICT industries
6. Tendulkar formula
7. Sustainable development
8. Financial inclusion
9. Deregulation policy
10. Agricultural marketing

[10*1=10 marks]

Section B

Answer seven of the following. Each question carries 5 marks.

11. Make a note on the efficiency of public sector in India
12. Briefly analyze the framework of mixed economy in India
13. Evaluate the problems associated with privatization
14. Comment on the role of technological change in Indian agriculture
15. Make an assessment of industrial policies of India
16. Make a note on the contributions of service sector to GDP
17. Make a comparison of public and private health care facilities in India
18. Trace out the pattern of demographic changes in India
19. Comment on the changing trends in rural and urban development
20. Make a brief note on the concept of financial inclusion. Comment on its significance with reference to India

[7*5=35 marks]

Section C

Answer three of the following. Each question carries 10 marks

21. Critically evaluate Five year plans of India
22. Explain poverty alleviation programmes in India and their merits and failures

23. Make an assessment of demonetization and its impact on Indian economy.
24. Why we have to redefine the role of sustainable development in India. Suggest innovative strategies for sustainable development
25. Analyze New Economic Policy of 1991

[3*10=30 marks]

19PEC14 QUANTITATIVE METHODS FOR ECONOMICS

(Hours per semester: 110 Hours per week: 6)

Course specific outcome

- Outline the basic mathematical skills that is used in the study of economic theory.
- Explain how to formulate economic models with the help of mathematical tools.
- Analyze the various theoretical distributions and hypothesis testing.

MODULE I MATRIX ALGEBRA(20 hours)

Evaluation of higher order Determinant- -minors and cofactor, Laplace method, bordered Hessian determinant, Solution of simultaneous equations ‘-Cramer’s rule and inverse method, Rank of a matrix, uses of matrices- Input- output models(static and dynamic).

MODULE II LINEAR PROGRAMMING (LP) (25 hours)

Characteristics of LP problem. Formulation of LPP, concepts of LP solutions. Basic theorem of LP, solution of LPP by graphical and simplex methods. Duality and dual theorems. Uses of dual LPP and shadow prices.

MODULE III DIFFERENTIAL AND INTEGRAL CALCULAS(25 hours)

Derivatives of multivariable functions, unconstrained and constrained optimization (Lagrange method), uses of derivatives in economics- equilibrium of the consumer and the firm, market equilibrium models - monopoly and discriminating monopoly. Rules of Integration, definite integrals and their properties. Uses of integrals In Economics- stock of capital, consumer’s and producer’s surplus.

MODULE IV DIFFERENTIAL AND DIFFERENCE EQUATIONS (20hours)

Concept of differential equations, First order linear differential equations and their solutions. Concept of difference equations, solution of first order linear difference equations. Uses of differential and difference equations in economics-dynamic stability, lagged income determination model, Harrod and Cobweb models.

MODULE V STATISTICAL CONCEPTS (20 hours)

Normal distribution; chi-sq, t- and F-distributions; estimation of parameters, properties of estimators; testing of hypotheses: defining statistical hypotheses; distributions of test statistics; testing hypotheses related to population parameters; Type I and Type II errors; power of a test.

Reference

1. K. Sydsaeter and P. Hammond, Mathematics for Economic Analysis, Pearson Educational Asia: Delhi, 2002.
2. Chiang, A.C, Fundamental Methods of Mathematical Economics, McGraw Hill Education (India) Private Limited
3. Dowling, E.T. (2011), Introduction to mathematical Economics, Schaum’s Outline Series, McGraw Hill, NewDelhi.
4. Richard J. Larsen and Morris L. Marx, an Introduction to Mathematical Statistics and its Applications, Prentice Hall, 2011.
5. Gupta S.C. and V, K. Kapoor (2011), Fundamentals of Applied Statistics, S. Chand, New Delhi.

MODEL QUESTION PAPER
19PEC14: QUANTITATIVE METHODS

Times: 3 Hrs

Max Mark: 75

SECTION -A

Define the following in one or two sentences.

1. Slack variable
2. Type II error
3. Input- output model
4. Hessian
5. Lagrange multiplier
6. Chi-square distribution
7. Differentiate $y = \frac{15x+23}{(3x+1)^2}$
8. What is an optimal feasible solution
9. What is the order of a differential equation
10. Find the MC given $AC=1.5x +4 +46/x$

(10X1=10Marks)

SECTION-B

Answer any 7 of the following. Each not exceeding 500 words

11. The rate of net investment is $I= 60t^{1/3}$ and capital stock at $t= 1$ is 85. find K
12. The demand function for a commodity is $p= 25-2x$ and the supply function is $4p=10+ x$, find the consumer surplus
13. Describe the important properties of a good estimator
14. What are the essential ingredients of a linear programming
15. Solve the difference equation $x_t+3x_{t-1}+8=0$ and $x_0=16$ a) check your answer using $t=0$ and $t=1$ b) comment on the nature of the time path
16. Optimize the following function using a) crammers rule for the first order condition and b) the Hessian for the second order condition
 $y = 3x_1^2 - 5x_1 - x_1x_2 + 6x_2^2 - 4x_2 + 2x_2x_3 + 4x_3^2 + 2x_3 - 3x_1x_3$
17. Solve the LPP graphically $\text{Max } Z= 2X_1 + 3X_2$ subject to $X_1 + X_2 \leq 1, 3X_1 + X_2 \leq 4, X_1, X_2 \geq 0$
18. In a normal distribution 31% of the items are under 45 and 8% are over 64. Find the mean and standard deviation of the distribution.
19. Find the relative extrema for the following function
 $F(x)= -7x^2 + 126x - 23$
20. Define normal distribution and what are the main characteristics of a normal distribution

(7X5=35 Marks)

SECTION-C

Answer any 3 of the flowing. Each not exceeding 1200 words.

21. For the following data find a) the level of income Y_t for any period b) warranted rate of growth
 $I_t = 2.66(Y_t - Y_{t-1})$, $S_t = 0.16Y_t$, $Y_0 = 9000$
22. Determine the output vector of the economy give the technology matrix

$$A = \begin{bmatrix} 0.4 & 0.3 & 0.1 \\ 0.2 & 0.2 & 0.3 \\ 0.2 & 0.4 & 0.2 \end{bmatrix} \quad \text{and final demand } F = \begin{bmatrix} 140 \\ 220 \\ 180 \end{bmatrix}$$

23. Solve the LPP by simplex method $\text{Max } Z= 6X_1 + 5X_2$ subject to $X_1 + X_2 \leq 5, 3X_1 + 2X_2 \leq 12, X_1, X_2 \geq 0$
24. Explain with the help of diagrams, the meaning of consumer's surplus and producer's surplus.
25. A monopolistic firm has the following demand functions for each of its products x and y, $x = 72 - 0.5 P_x$
 $y = 120 - P_y$. The combined cost function $c= x^2 + xy + y^2 + 35$ and maximum joint production is 40. Thus $x + y = 40$
Find the profit maximizing level of a) output b) price c) profit

(3x10=30 Marks)

Semester II

19PEC21: MICROECONOMICS - II

(Hours per semester: 120 Hours per week: 7)

Course Specific Objectives

- This paper designed to integrates discussions relating economic theories to different notions of social justice, resource allocation and market efficiency.
- To evaluate the theories of distribution.
- To examine the conditions of economic efficiency
- To equip the student to apply microeconomic principles in the areas of exchange and welfare.
- To explain equity efficiency trade off
- To examine the ways in which externalities, public goods and monopolies create market failure.
- To asses decision making in the context of market interdependence, complexity, uncertainty and informational asymmetry.
- To examine the human nature and behaviour under various constraints.

Module I: Distribution (25 hours)

Marginal productivity theory – adding up problem - Euler’s theorem - technical progress and factor shares: Hicks & Harrod. Macro theories of distribution - Ricardo’s dynamic model - Marxian theory of distribution – Kaleckian theory, Kaldor theory.

Reference:

1. Krugman, Paul & Wells, Robin (2005), Micro Economics, Worth Publishers, New York (P-290-297)
2. Costa Da G.C (2001), Value and Distribution (P-213-246,423-435)
3. Mandal, RK (2007), Micro Economic Theory, Atlantic Publishers (P) Ltd (P-288-297)
4. Dwivedi D N, MICROECONOMICS- Theory and Application

Module II: General Equilibrium and Welfare Economics (45 hrs.)

General Vs. partial equilibrium - Walrasian system - tatonnement process - existence, uniqueness and stability of equilibrium - graphical treatment of general equilibrium $2 \times 2 \times 2$ model.

Concerns of welfare economics - role of value judgments – Bergson’s social welfare function - Arrow’s impossibility theorem - the theory of second best – Scitovsky’s double compensation criterion - Rawl’s theory of justice- A.K Sen’s social welfare function – equity efficiency trade-off. Externalities- production and consumption, externalities and public goods, Tragedy of commons

Reference:

1. Costa Da G.C (2001), Value and Distribution (P-247-249,264-266)
2. Koutsiyiannis, A (), Modern Microeconomics, Macmillan Press, London (P-486-488,489- 491,495-504,510-515)
3. Pindyck, Robert.S, Rubinfeld, Daniel, L, Mehta, Premlal, L (6th edition), Micro Economics (P. 450-460)
4. Salvatore, Dominick (2009) Principles of Microeconomics (P-502-509)
5. Cowell Frank, A (2005), Microeconomics, Principles and Analysis, Oxford University Press (P-225-227)
6. Dwivedi D N Microeconomics- Theory and Applications (Second edition)

Module III: Economics of Uncertainty and Information (25hours)

Individual behaviour towards risk- measure of risk and risk aversion, Sensitivity analysis- Economics of insurance-cost and risk-risk pooling and risk spreading-Economics of search - search cost - search and advertising - asymmetric information and market for lemons - adverse selection - market signalling - moral hazard – principal-agent problem- asymmetric information in labour market and efficiency wage theory

Reference:

1. Pindyck, Robert.S, Rubinfeld, Daniel, L, Mehta, Premlal, L (6th edition), Micro Economics (P. 511-525,567-585)
2. Salvatore, Dominick (2009) Principles of Microeconomics (P-545-560)
3. Varian H.R (2003), Intermediate Micro Economics, East – West Press Edition (P-667- 688)
4. Snyder, Christopher & Nicholson, Walter (2012), Microeconomic Theory-Basic Principles and Extensions, Cengage learning (P-579-618)

Module IV: Behavioural Economics and Bounded Rationality (25 hours)

Classical and neo classical views of human nature, Behavioural economics --role of time and emotions in economic decisions - role of constraints and information - satisfying behaviour of the firm – ameliorating - path dependence - bounded rationality - altruism and common good strategic interaction and social norms .

Reference:

1. Pindyck, Robert.S, Rubinfeld, Daniel, L, Mehta, Premlal, L (6th edition), Micro Economics (P. 561-564)
2. Goodwin, Harris, Roach & Torras (3rd edn), “Microeconomics in context, M.E Sharpe. Inc, USA (visit www.gdae.org/micro)
3. Varian H.R (2013), Intermediate Microeconomics, East – West Press Edition (566-581)
4. Koutsiyiannis, A (2013), Modern Microeconomics, Macmillan Press, London (P-258,389- 390)

MODEL QUESTION PAPER 19PEC21: Microeconomics-II

Times: 3 Hrs

Max Mark: 75

SECTION -A

Define the following in one or two sentences.

1. General equilibrium
2. Search cost
3. Organic Composition of capital
4. Externality
5. Tragedy of commons
6. Public goods
7. Moral Hazards
8. Expected utility
9. Pareto efficiency
10. Risk aversion

(10X1=10Marks)

SECTION-B

Answer any 7 of the following. Each not exceeding 500 words

11. Explain the limitations of Marginal productivity theory.
12. Discuss Rawls theory of justice.
13. Relate risk aversion and insurance premium.
14. Discuss Arrows impossibility theorem.
15. Explain Eulers theorem and adding up problem.
16. Briefly explain externalities and efficiency.
17. Discuss principal agent problem.
18. Explain the role of asymmetric information in labour market.
19. Discuss the Marxian theory of distribution.
20. Write the theory of second best.

(7X5=35 Marks)

SECTION-C

Answer any 3 of the flowing. Each not exceeding 1200 words.

21. Explain the essential features of Kaldor- Hicks compensation criterion.
22. Discuss the Pareto optimality criterion.
23. Explain Kaleckis theory of income distribution.
24. Examine Akerlof idea of asymmetric information.
25. Discuss the individual behaviour towards risk.

(3x10=30 Marks)

19PEC22: ECONOMICS OF SOCIAL SECTOR AND ENVIRONMENT

(Hours per semester: 110 Hours Per Week: 6)

This course is designed to enable students to : (1) Understand and apply the key economic concepts in the context of social sectors like education, environment and health care (2) Appreciate how economic factors contribute to the development and implementation of educational policies, (3) Identify the major theories governing the development of human resources, school improvement and development, (4) Recognize the important linkages between the environment and economics, (5) Be aware of the key environmental issues around the globe, and (6) understand approaches to identify and value costs and outcomes to include in economic evaluation of the environment through benefit cost analysis.

Course Specific Outcomes

1. To facilitate students understanding of complex environmental issues.
2. Understanding key concepts from economic political and social analysis as they pertain to the design and evaluation of environmental policies and institutions
3. Appreciate the ethical, cross cultural context of environmental issues and the links between the human and natural systems
4. Reflect critically about their roles and identities as citizens, consumers and environmental actors in a complex inter connected world.

Course contents

Module1: Economics of Education (20 hours)

Human Capital-Components of Human Capital-Education as an instrument for Economic Growth-Demand for Education- supply of education- Determinants of demand for Education- Costs of Education – Private Costs and Social costs- Benefits of Education- Direct, Indirect and Social Benefits- Wastage and Stagnation in Education –Causes and Measures-Man power Planning- Meaning and Techniques of Forecasting- Types of Forecasting.(Qualitative and Quantitative methods).

Module2: Economics of Health (20 hours)

Nature and Scope of Health Economics-Health Dimensions of Development-Determinants of Health-Economics Dimensions of Health care-Demand for Supply of Health care- Health care Financing-Inequalities of Health- Class and Gender Perspectives- Health care Sector in India- Health Insurances Schemes in India-RSBY, ESIS, AABY, and JBY.

Module3: Economics of Environment and Environmental Valuation (25 Hours)

Environmental Economics-Meaning and significance –Economy, Ecology and Environmental interaction, Ecosystem-Material- Balance Model-Law of Entropy-Ayres- Kneese's material balance model and its implication on environmental economy-Relation between environmental quantity and economic development – Environmental Valuation-Uses Values, Non-use values, option values-Approaches to Environmental Valuation-Direct Methods-Expressed preference method –Contingent Valuation Methods, Trade off Games Method, Costless Choice Method, Delphi Method- Indirect Methods- Revealed Preference Methods- Travel Cost Method, Hedonic Pricing Method, Preventive Expenditure Method, Surrogate Market Approach, Wage Differential Approach- cost based methods and other methods of valuation- Dose Response Method, Human Capital foregone Earning Approach Cost Benefit Analysis.

Module4: Environmental Policies and Issues (25 hours)

Environmental Externalities-Design of Environmental Policy-Quantity based Instruments-Market based Instruments- Market based Instruments-Pigouvian tax and Subsidy Approach-Non-Market Instruments-Command and Control-Mixed Instruments-Marketable Permits-Tradable Pollution Permits-Bargaining Solution- Coase Theorem- Informal Regulation-Collective Action-Grass root Movements(Chipko Movement, Save Silent Valley, Narmada Bachao Andolan, Appiko Movement)-Monitoring and Enforcement-The New Model of Pollution Control-Major Environmental Policies and Legislations in India.

Global Environmental Issues-Climate Changes Problems, Global Warming, Biodiversity Loss, Acid Rain, Deforestation, Environmental Pollution-International Carbon Tax.

Module5: Economics of Natural Resource Management (20 Hours)

Natural Resources- Resources Taxonomy- Theories of Optimum Use of Exhaustible and renewable Resources- Common Property Resource Management – Tragedy of Commons.

Environment Development Trade off- Sustainable development- indicators of sustainable development- Equity and sustainable development-Environment and trade in the WTO regime-Environment and System of National Accounts-Green GDP.

Reading List

MODULE 1

1. Environmental Education in India (2002) Association of Indian Universities, New Delhi.
2. Schultz, T.W. (1971) Investment in Human Capital, Free Press, New York
3. Joy .A. Palmer, 1998, Environmental Education in 21th Century, Routledge, and London.
4. Kolstad, D.Charles(2010), Environmental Economics, Oxford University Press.
5. Cohn.E and T.Gaske(1989), Economics of Education, Pergamon Press, London.
6. McMohan, W.W.(1999), Education and Development :Measuring the Social Benefits, Oxford University press.
7. Becker G.S. (1974), Human Capital (2 reasearch, New York.
8. McMohan, W.W. (1999), Education and Development: the measuring the Social Benefits, Oxford University Press, and Oxford.
9. Padmanabhan, C.B.(1984), Financial Management IN Education, select Books, New Delhi

Module2

1. Klarman.H.E. (1965), The Economics of Health, Columbia University Press. New York.
2. Olsen, Jan Abel (2010); Principles in Health Economics and Policy, Oxford University Press.
3. Berman P. and M.E.Khan(1993), Paying for India's Health Care, Sage Publications, New Delhi.
4. Anand, N.K. & Shikha Goel (2008): Health Economics, AITBS Publishers, New Delhi.
5. Folland, Sherman, Allen C. Good man and Miron Stano (2007), The Economics of Health and Health care, Pearson Prentice Hall.
6. Baru, R.V. (1998), Private Health care in India: Social Characteristics and Trends, Sage Publications, New Delhi.
7. Berman, P and M.E.Khan (1993), Paying for India's Health care, Sage Publications, New Delhi.
8. Pancharukhi ,P.R.(1980), Economics of Health : A Trends Report in ICSSR, A Survey of Research in Economics, Vol.VI, Infrastructure, Allied, Delhi
9. World Bank (1993), the World Development Report, (1993): Investing In Health, Oxford University Press, New York.

Module 3

1. M.Karpagam (1999); Environmental Economics, Sterling Publishers.
2. Hanley N, J.F.Shoger and B.White (1997), Environmental Economics in Theory and Praticce, Macmillan.
3. Smith V.Kerry(1996), Estimating Economic Values For Nature : Methods for Non Market Valuation, Edward Elgar, Cheltenham, UK Case Studies(India).
4. Hussen, A.M. (2005), Principles of Environmental Economics, Routledge, London & New York.
5. Eugene, T.(2004), "Environmental Economics" B.K.offset Press, New Delhi.
6. Hanley, N.(1997), Environmental Economics in Theory and Practice, Macmillan, London.
7. Mitchell, R.C. and R.T.Carson(1993), Using surveys to Value Public Goods: Resources for the future, Washington, D.C

MODULE 4

1. Kolstad, D.Charles(2010), Environmental Economics, Oxford University press.
2. Bhattacharya N.Rabindra (ed) 2001; "Environmental Economics An Indian Perspective," Oxford University Press.
3. Eugene, T.(2004), "Environmental Economics" B.K. Offset press , New Delhi.
4. Hanley N, J.F.Shogern and B. White (1997), Environmental Economics in Theory and Praticce, Macmillan, London.

5. Hoel, M.(1997),”International Coordination of Environmental Policies” in New Dimensions in the Economic theory of Environment,Carrao Carlo and Domenico Siniscalco (Eds), Cambridge University Press, Cambridge.
6. Larsen, B and A. Shaw (1994), Global Tradable Carbon Permits, participation Incentives and Transfers, Oxford Economic Papers, Vol.46.
7. Ostrom, E.(1990), Governing the Commons :The Evolution of Institutions for collective Actions, Cambridge University Press, Cambridge.
8. Karan.P.P(1994), “Environmental Movements in India,” Geographical Review, American Geographical Society.
9. www.unep.org.

MODULE 5

1. Sankar,U(Ed) (2001), Environmental Economics, Oxford University Press, New Delhi.
2. Bhattacharya; Environmental Economics, Sterling Publishers.
3. M.Karpagam(1999); Environmental Economics, Sterling Publishers.
4. Rangarajan, Mahesh(Ed) (2007); Environmental Issues in India A Reader,Pearson.
5. Kolstad, D.Charles (2010), Environmental Economics, Oxford University Press.
6. HanleyN,J.F.Shogern and B.White(1997), Environmental Economics in Theory and Praticce, MacMillan.
7. Tom Tietenberg- Environmental and Natural Resources Economics-Addison Wesley Publishers-Seventh Edition.
8. David Anderson, Environmental Economics and Natural Resource Management-Routledge Publishers-Fourth Edition
9. David W Pearce, R Kerry Turner- Economics of Natural resources and Environment John Hopkins University press.
10. John Blewitt- Understanding Sustained Development- Earth Scan publishers.
11. Michael D kaplowitz-Property rights, Economics and Environment- Volume 5- Routledge Publishers.
12. Thomas Sterner –Policy instruments for instruments for Environmental and Natural Resource management- Routledge Publishers.

MODEL QUESTION PAPER

19PEC22: Economics of Social Sector and Environment

Times: 3 Hrs

Max Mark: 75

SECTION -A

Define the following in one or two sentences.

1. Environmental Economics
2. Use value
3. Global warming
4. Green GDP
5. Human Capital
6. Man power Planning
7. RSBY
8. Ecosystem
9. Environmental Externalities
10. Acid rain.

(10X1=10Marks)

SECTION-B

Answer any 7 of the following. Each not exceeding 500 words

11. Education as an instrument of Economic growth. Explain.
12. How does International carbon tax solve the problem of externality?
13. Pigouvian tax is an important tool to control pollution. Elucidate.
14. What is meant by Tradable pollution permits?
15. What are the causes of inequalities in health? Make an analysis on the basis of class and gender.
16. Explain briefly Material balance model.

17. Critically examine the theories of optimum use of exhaustible and renewable resources.
18. Distinguish between Economic accounting and Environmental accounting.
19. Explain the concept tragedy of commons.
20. Explain the meaning and significance of Health economics.

(7X5=35 Marks)

SECTION-C

Answer any 3 of the flowing. Each not exceeding 1200 words.

21. Explain in detail the social, economic and environmental aspect of sustainable development. What are the rules of sustainable development?
22. Examine the relationship between Trade and Environment in WTO regime.
23. Bring out the role of grass root movements in correcting environmental pollution.
24. Explain the meaning and significance of Environmental economics.
25. Briefly explain the role of health insurance schemes in India.

(3x10=30 Marks)

19PEC23 INDIAN ECONOMIC POLICY PAPER II - KERALA ECONOMY

(Hours per semester: 110 Hours per week: 6)

Course Description

This particular paper is very important because it is addressing the problems of the local economy and society of Kerala. The students with this course can help the planners and administrators of Kerala in policy planning and implementation. The entire course is divided into five modules. It deals with growth and development trajectory of Kerala, sectoral composition, challenges, state finance and finally environmental concerns.

Course Specific Outcome

1. To enable the student to get a picture of certain policies adopted in Kerala prior and in 1991
2. To help the student to get a clear picture about different sectoral composition of Kerala Economy- agriculture, industry, service and infrastructure and their contribution to GSDP
3. To equip the student to focus on the challenges of Kerala- poverty, inequality, unemployment and migration
4. To enable the student to have a good understanding about state finance.
5. To enable the student to think about a tradeoff between environmental and economic concerns with respect to Kerala economy.

Module 1

Economic growth and structural change[20 hours]

Growth and Development of the economy since 1956- Policies and strategies of development between 1956 and 1990- positive and negative impacts- Economic Reforms of 1991 and its impact on state economy. Development paradoxes of Kerala- lessons from Kerala's Development experience- comparison with Gujarat Model- Decentralization- role of local self govt. - performance and problems-Demographic transition of Kerala since 1956- factors contributed to demographic change.

References

1. D Rajasenan "Kerala Economy: trajectories, challenges and implications
2. B A Prakash " Kerala Economy Performances and Problems" 2004
3. Govinda Parayil "Kerala: The Development Experience "2000
4. J Tharamangalam the Perils of Social Development without Economic Growth: The Development Debacle of Kerala, India."

Module 2

Sectoral performance [40 hours]

Agricultural growth performance since 1956, policies for agricultural development, land reforms, land use pattern- crop wise analysis- production, productivity, yield per hectare and area under cultivation of major crops- reasons for changes in cropping pattern- current problems of agriculture- impact of reforms and WTO agreements on agriculture- Agricultural pricing, income and marketing- labour shortage- reasons- share of agriculture to state GDP. Industrial performance since 1956- industrial backwardness- performance and

problems of traditional and small scale industries- industrial policies since 1991 and its impact- emergence of new industries- ICT and others- contribution to GSDP. An overview of Kerala service sector- reasons for the growth of service sector- development of infrastructure- power, energy, transport- social infrastructure- education and health- performances and problems- role of tourism- contribution to GSDP

References

1. Kerala Perspective Plan 2030
2. Kerala Economic Review various years
3. B Joseph, KJ Joseph - South Asia Economic Journal, 2005 “Commercial Agriculture in Kerala after the WTO”
4. KP Kannan, K Pushpangadan - Economic and Political Weekly, 1988 Agricultural stagnation in Kerala: An exploratory analysis
5. KK Subrahmanian, EA Azeez – 2000 Industrial growth in Kerala: Trends and explanations
6. BM Kumar - Journal of Tropical Agriculture, 2006 Land use in Kerala: changing scenarios and shifting paradigm

Module 3

Challenges of Kerala economy [20 hours]

Nature and magnitude of poverty and economic inequality- poverty estimation- comparison with all India average and other state- policy implications and way out. Employment- trends and structure of rural- urban employment- Employment generation capacity of public sector- excess demand for public sector jobs- reasons- unemployment- educated unemployment- reasons- policy implications and way out. Migration-types- emigration- economic impact- flow and utilization of remittance- internal migration- in and out migration- trends of in migration- merits and demerits

References

1. Economic Review
2. Perspective Plan
3. Kerala HDR 2008
4. KP Kannan - Economic and Political Weekly, 1995 “Declining Incidence of Rural Poverty in Kerala”
5. KC Zachariah, SI Rajan – 2005 “Unemployment in Kerala at the turn of the century: Insights from CDS Gulf migration studies
6. BA Prakash - Economic and Political Weekly, 1998 “Gulf Migration and its Economic impact”
7. A Azeez, M Begum - Journal of Social Sciences, 2009 “Gulf migration, remittance and economic impact”
8. E.T.Mathew (1997), Employment and Unemployment in Kerala, Sage, New Delhi.
9. A.Abdul Salim and P.R. Gopinathan Nair, Educational Development in India: the Kerala Experience since 1800, Anmol Publications, New Delhi.

Module 4

State Finance [15 hours]

State finance-Resource mobilization-sources of resources- structure of revenue and expenditure-evaluation of public expenditure- state budgetary provisions- public debt and fiscal deficit- way out

References

1. KK George - Economic and Political Weekly, 1990 “Kerala’s Fiscal Crisis: A Diagnosis
2. KK George, KK Krishna kumar - 2003 – Fiscal Management in Kerala
3. Government of Kerala (various years), Statistics for Planning, Directorate of Economics and Statistics, TVM.
4. Economic review
5. Perspective Plan 2030

Module 5

Environmental issue[15 hours]

Pollution- deforestation- soil erosion- other environmental issues- policy framework for controlling pollution- waste management- government activities and policy- effectiveness.

References

1. Perspective plan 2030

MODEL QUESTION PAPER
19PEC23: Indian Economy Policy II (Kerala's Economy)

Time: 3 Hrs.

Max. Marks: 75

Section A

Answer the following. Each in one or two sentences. Each questions carries 1 mark.

1. MSME
2. Internal migration of Kerala
3. What is the paradox associated with KMD
4. List out two reasons for labour shortage in agriculture
5. Write any three agreements of WTO on agriculture
6. What are the traditional industries of Kerala
7. Define ICT sector
8. Mention energy generation sources of Kerala
9. Land use pattern
10. Fiscal deficit

[10*1=10 marks]

Section B

Answer seven of the following. Each question carries 5 marks.

11. Make a note on the Decentralized planning strategy of Kerala
12. Briefly analyze economic policies of Kerala since 1991
13. Evaluate the changes in cropping pattern of Kerala
14. Comment on the performance and problems of traditional industries of Kerala
15. Make an assessment of infrastructure development of Kerala
16. Make a note on the trends in higher education of Kerala
17. Make a comparison of public health care facilities of Kerala with other states
18. Trace out the pattern of foreign trade in Kerala
19. Comment on the changing trends in revenue and expenditure of Kerala
20. Make a brief note on unemployment issues in Kerala, especially with reference to educated unemployment.

[7*5=35 marks]

Section C

Answer three of the following. Each question carries 10 marks

21. Critically evaluate the lessons from the Kerala Model of Development.
22. Explain poverty alleviation programmes in Kerala since 1991
23. Make an assessment of Industrial performance of Kerala
24. Why we have to redefine the role of agriculture in Kerala- state problems, performance and way outs
25. Analyze the trends and pattern of migration of Kerala and also comment on the utilization of foreign remittance.

[3*10=30 marks]

19PEC24 ECONOMETRICS AND RESEARCH METHODOLOGY

(Hours per semester: 110 Hours per week: 6)

Course specific outcome

- The objective of the course is to provide a comprehensive introduction to basic econometric concepts and techniques.
- Explain the statistical concepts of hypothesis testing, estimation and diagnostic testing of simple and multiple regression models.
- Identify the consequences of and tests for misspecification of regression models.
- To establish a theoretical foundation that can be further enhanced with additional training and real-world experience.
- To explain the purpose and scope of social science research.

MODULE I: INTRODUCTION TO ECONOMETRICS (25 hours)

Econometric models, aims of econometrics, types of data, methodology of econometrics, econometrics and regression analysis. Two variable regression analysis, conditional expected value, unconditional expected value, population regression function, stochastic error term, significance of stochastic error term, sample regression function. Overview of computer – Basic operating operations and describing data in Excel.

Reference

1. D.N. Gujarati, 4th edition, Basic econometrics, Tata McGraw hill, New Delhi, pp: 1-52
2. Jeffery M Wooldridge, 2nd edition, introductory econometrics, chapter 1 and 2

MODULE II: SIMPLE LINEAR REGRESSION ANALYSIS (25 hours)

Estimation of model by method of ordinary least squares and assumptions, properties of estimators, Gauss-Markov theorem, goodness of fit, residual sum of squares, tests of hypotheses; scaling and units of measurement; confidence intervals; forecasting, regression analysis and ANOVA.

Reference

1. D.N. Gujarati, 4th edition, Basic econometrics, Tata McGraw hill, New Delhi, chapter – 3,5

MODULE III: MULTIPLE LINEAR REGRESSION MODEL (20 hours)

Estimation of parameters; properties of OLS estimators; goodness of fit – R² and adjusted R², partial regression coefficients; testing hypotheses – individual and joint; functional forms of regression models; qualitative (dummy) independent variables.

Reference

1. D.N. Gujarati, 4th edition, Basic econometrics, Tata McGraw hill, New Delhi, chapter – 7,8

MODULE IV: VIOLATIONS OF CLASSICAL ASSUMPTIONS (20 hours)

Consequences, Detection and Remedies of Multicollinearity; heteroscedasticity, Autocorrelation

Reference

1. D.N. Gujarati, 4th edition, Basic econometrics, Tata McGraw hill, New Delhi, chapter – 10, 11,12

MODULE V RESEARCH METHODOLOGY (20 hours)

Meaning, purpose and scope of Social science Research, Types of research, Research process formulation of research problem, setting objectives and hypotheses, collection and analysis of data, Hypothesis testing and drawing conclusions. Report Writing and Lay out of the research Report.

Reference

1. Kothari, C.R (2011), Quantitative Techniques, Vikas Publishing, New Delhi

MODEL QUESTION PAPER

19PEC24: INTRODUCTION TO ECONOMETRICS AND RESEARCH METHODOLOGY

Times: 3 Hrs

Max Mark: 75

SECTION -A

Define the following in one or two sentences.

1. Explanatory variable
2. Null Hypothesis
3. Autocorrelation
4. Standard Error
5. Sampling
6. Dummy variables
7. Research Problem
8. Total sum of squares
9. Degrees of Freedom
10. Homoscedasticity

(10X1=10Marks)

SECTION-B

Answer any 7 of the following. Each not exceeding 500 words

11. Explain the different types of research.
12. Explain PRF and SRF
13. Explain the concept of goodness of fit
14. Discuss the principles that guide in the selection of a research?
15. Briefly explain the R² and adjusted R²
16. Explain Heteroscedasticity
17. Differentiate between type 1 error type 2 error
18. Write a note on ANOVA
19. What are the properties of a good estimator
20. Explain the basic assumptions of classical linear regression model

(7X5=35 Marks)

SECTION-C

Answer any 3 of the following. Each not exceeding 1200 words.

21. Explain the various steps in the formulation and validation of a research problem
22. Explain Multicollinearity, its causes, how it is detected and remedial measures
23. The following table gives the data on quit rate per employees in manufacturing and the unemployment rate in manufacturing in a country during 1980-1992

Year	Quit rate per 100 employees(Y)	Unemployment rate (X)
1980	1.3	6.2
1981	1.2	7.8
1982	1.4	5.8
1983	1.4	5.7
1984	1.5	5.0
1985	1.9	4.0
1986	2.6	3.2
1987	2.3	3.6
1988	2.5	3.3
1989	2.7	3.3
1990	2.1	5.6
1991	1.8	6.8
1992	2.2	5.6

Assume that the quit rate Y is linearly related to the unemployment rate X

As $Y_i = \beta_1 + \beta_2 X_{i1} + U_i$. estimate β_1 , β_2 and standard error

24. Examine the Gauss Markov theorem and prove that it is BLUE
25. Discuss the methodology of econometric research

(3x10=30 Marks)

Semester III

19PEC31: MACROECONOMICS - I

(Hours per semester: 120 Hours per week: 7)

Course Specific Outcomes

- After the completion of the course, the student will be able to:
- Examine the major macroeconomic issues in the context of Indian economy
- Analyse the determination of output and employment in an economy based on classical and Keynesian model
- Demonstrate the interdependence among various sectors viz. goods market, money market, labour market foreign market
- Evaluate the impact of monetary and fiscal policy effects in an economy
- Identify the effects of money and capital flows and equilibrium in an open economy
- Rate the impact capital mobility under fixed and flexible exchange rate systems
- Critically evaluate current income and normal income theories
- Describe the how the stocks take a random and unpredictable path in stock market
- Apply how the emotional and social factors on the economic decisions of individuals and institutions and how those decisions vary from those implied by classical theory.
- Discuss the factors affecting investment and how investment decisions are made under conditions of uncertainty and asymmetric information
- Plan the holding of various kinds of financial assets in the form of money
- Critically evaluate various monetary theories
- Illustrate money multiplier determination in an economy
- Compile the various measures of money supply in India

Course Contents

Module 1: Introduction (5 hours)

Macroeconomics: Issues and ideas – A brief introduction to competing schools of macroeconomic thought (A brief out line of Monetarism, New Classical Economics and New Keynesian Economics) The Neoclassical synthesis – Determination of output, employment and Price level (Classical and Keynesian model)

Module 2: Neo-classical and Keynesian Synthesis (25 hours)

The ISLM model (Keynesian and Neo-Classical Versions) - Extensions of ISLM model with government sector- Relative efficiency of fiscal and monetary policies- ISLM model with labour market and flexible prices- Three Sector Macro Model (Keynesian and Neo-Classical Versions)

Module 3: Macroeconomics of an open economy (30 hours)

Money and Capital Flows and Equilibrium in an Open Economy – Internal and External Equilibrium-Balance of payment and Keynesian analysis - Mundell-Fleming model (Fixed and Flexible Exchange Rate with Capital Mobility –Monetary and fiscal policy under fixed and flexible exchange of capital mobility- the Impossible Trinity) - Monetary Approach to Balance of Payment

Module 4: Behavioural Foundations of Macroeconomics (30 hours)

Consumption function: Current Income Theories (views of Keynes, Kuznet's consumption puzzle, Drift hypothesis of Smithies and views of Duesenberry)- Fisher's Inter temporal Choice model- Normal Income Theories (views of Friedman and Modigliani)- Endogenous Income Theory – Robert Hall Random Walk Hypothesis- David Laibson Behavioural Hypothesis.

Investment function: Neo-classical theory of investment – MEC and Keynesian theory of investment – Accelerator theory of investment (rigid and flexible)- Capital Stock Adjustment Principle –Interaction of Accelerator and Multiplier – Profit theory of investment- Financial theory of investment – Tobin's q ratio- Modigliani-Miller theory -Investment under Uncertainty, Asymmetric Information and Irreversible Investment.

Module 5: Demand and Supply of Money (30 hours)

Demand for money: Keynesian view - Post Keynesian approaches of demand for money:-Keynes effect – Pigou effect - Patinkin's Real balance effect- Approaches of Tobin, Baumol and Friedman- Modern monetary theory of Randall Wray

Supply of money: Financial Intermediation- Mechanistic model of bank deposit determination- Behavioural model of money determination- Money Multiplier and its determination- Demand determined view of money supply process- Methods of monetary control- Interest elasticity of money supply – central bank’s policy alternatives- Inside money and Outside money- Money supply determination in an open economy- Asset market equilibrium – Fisher effect-Disequilibrium money and Buffer stock models

Basic Reading List

1. Mankiw, G. (2011), Macro Economics, Worth Publishers, New York
2. Rudiger Dornbusch, Stanley Fischer and Richard Startz (2006), Macroeconomics, McGraw-Hill.
3. Levacic, R. and A. Rebman (2006), Macro Economics, Mac Millen Press Ltd.
4. Froyen, R.(2008). Macroeconomics, Pearson India
5. Snowdon, B. H. Vane and P. Wynarczyk (2002), A Modern Guide to Macro Economics: An Introduction to Competing Schools of Thought, Edward Elgar.
6. Kamran Dadkhah (2010), Evolution of Macro Economic Theory and Policy, Springer
7. David Romar (2011), Advanced Macro Economics, McGra-Hill, 4th Edition
8. Andrew B. Abel and Ben S. Bernanke (2010), Macro Economics, 4th Edition, Pearson

Additional Reading List

Module 1

1. Natrass, Nicholi and Vishaka Varma (2014) Macroeconomics Simplified: Understanding Keynesian and Neo Classical Macroeconomic systems, Sage Publications India, New Delhi
2. Lefteris Tsoulfidis (2010), Competing Schools of Economic Thought, Springer

Module 2

1. Hicks J.R (1937) Mr Keynes and the Classics: A Suggested Interpretations, *Econometrica*, April
2. Natrass, Nicholi and Vishaka Varma (2014) Macroeconomics Simplified: Understanding Keynesian and Neo Classical Macroeconomic systems, Sage Publications India, New Delhi
3. Branson W.A (2005), Macro Economic Theory and Policy, 3rd edition, Harper and Row, New Delhi

Module 3

1. Gordon R and S.G.Harris (1988), Macroeconomics, Addison Wesley, Massachusetts
2. Mankiw, N.G and D.Romar (Eds.) (1991), New Keynesian Economics, (2 Vols.) MIT Press, Cambridge
3. D.Fisher (1978), Monetary Theory and the Demand for Money, Martin Robertson
4. Dornbush R (1980), Open Economy Macro Economics, Basic Books
5. Frankel J and Johnson H.G (1976), Monetary Approach to Balance of Payments

Module 4

1. Garner Ackley (1989), Macroeconomics Theory and Policy, Collier Macmillan
2. Edward Shapiro (2001 Reprint), Macroeconomic Analysis, Galgotia Publications Ltd, New Delhi
3. Fred R. Glahe (1985), Macro Economics: Theory and Policy, Harcourt College Pub
4. L. Randall Wray (2012) Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems Palgrave Macmillan; 2012 edition (August 7, 2012)

Module 5

1. Éric Tymoigne and L. Randall Wray, “Modern Money Theory 101: A Reply to Critics,” Levy Economics Institute of Bard College, Working Paper No. 778 (November 2013).
2. Scott T. Fullwiler, “Modern Monetary Theory—A Primer on the Operational Realities of the Monetary System,” Wartburg College; Bard College - The Levy Economics Institute (August 30, 2010)
3. Wray, L. Randall (2000), The Neo-Chartalist Approach to Money (Working Paper No. 10), UMKC Center for Full Employment and Price Stability
4. Wray, L. Randall (December 2010), Money (Working Paper No. 647), Levy Economics Institute of Bard College

MODEL QUESTION PAPER
19PEC31: MACROECONOMICS I

Time: 3 Hours

Max. Marks: 75

SECTION – A

Define the following in **one** or **two** sentences

1. New Keynesian Economics
2. Classical aggregate supply curve
3. Slope of IS
4. Money market equilibrium
5. Impossible trinity
6. External equilibrium
7. Kuznets' consumption puzzle
8. Random walk
9. Inside money and outside money
10. Fisher effect

(1×10=10 Marks)

SECTION – B

Answer any **7** questions. **Each** should **not** exceed **500** words.

11. What are the current issues in macroeconomics?
12. Briefly outline the monetarist school of thought
13. Illustrate the shift in LM curve
14. Describe the neoclassical version of IS LM model
15. Explain the monetary approach to balance of payment
16. Describe Fishers' Inter temporal choice model
17. Explain MEC and Keynesian theory of investment
18. State Tobin's Q ratio
19. Explain Baumol's approach to demand for money
20. What are the factors affecting money multiplier in an economy?
21. State Keynes effect, Pigou effect and Real balance effect

(7×5=35 Marks)

SECTION – C

Answer **any three** questions. Each answer should **not** exceed **1200** words.

22. Compare employment and output determination under classical and Keynesian model
23. Discuss the relative efficiency of monetary and fiscal policies under IS LM model
24. Examine the implications of Mundell Flemming model
25. Critically examine David Laibsons' Behavioral Hypothesis.
26. Describe and illustrate the interaction of multiplier and accelerator

(3×10=30 Marks)

19PEC32: INTERNATIONAL ECONOMICS – I

(Hours per semester: 110. Hours per week: 6)

Course Specific Outcomes

- After the completion of the course, the student will be able to:
- Illustrate the Principle of Comparative Advantage
- Demonstrate gains from and basis of international trade
- Explain how differences in resources generate a specific pattern of trade
- Identify the effects of tariffs and subsidies on trade patterns and the welfare of trading nations and on the distribution of income within countries.
- Outline how product differentiation lead to international trade and intra-industry trade.
- Assess the impact of market imperfection on international trade
- Discuss the implications of international trade in services

- Articulate the arguments for free trade
- Recapitulate the case for protectionism as it has been historically practiced in developing countries
- Evaluate the costs and benefits of tariffs, their welfare effects, and winners and losers of tariff policies.
- Recognize the effect of voluntary export restraints (VERs) on both importing and exporting countries
- Describe how economic integration can lead to both winners and losers
- Discuss the special issues raised by preferential trade agreements and
- Identify the principal reasons behind the weakening terms of trade of the developing countries.

Course Contents

Module I

Classical, Neo Classical and New Trade Theories (30 hours)

Theories of Absolute Advantage; Comparative advantage and Opportunity Costs. Community Indifference Curve – derivation of Offer curve – Terms of Trade, different Concepts of Terms of Trade. Heckscher-Ohlin Theory of Trade. Empirical Testing of H-O Model – Leontief Paradox – Factor Price Equalization Theorem. Neo-technological trade theories- Kravis theory of Availability, Linder's theory of Volume of Trade and Demand pattern, Posner's Imitation gap, Vernon's Product Cycle Theory. Intra-industry Trade Models- Krugman's Model (1979), Brander-Krugman Model (1983). Neo-Heckscher-Ohlin Theory, Monopolistic Competition and International trade, Oligopoly and International trade.

Module II

Trade in Services (20 hours)

World Trade in Services. Nature of Trade in Services. The General Agreement on Trade in Services (GATS), Scope and Coverage. Exclusion from the GATS. The Basic Economics of Services Trade. Causes of Trade in Services. Trade Policy and the Service Sector: The Instruments of Protection. Outsourcing and Free Trade. Advantages and Burdens of Outsourcing. Traded vs. Non-Traded Goods.

Module III

Free Trade vs. Protection and New Protectionism (20 hours)

The Arguments for Free Trade. The political economy of protectionism. Tariff and Non-tariff barriers. Voluntary Export restraints and Import Expansion. Subsidies, Administered and Contingent Protection and fair trade: Dumping and Antidumping. Countervailing duty, safeguard actions. Neo Protectionism. Impact of Trump Tariff and recent Trade War

Module IV

Economic Integration (20 hours)

Types of integration-Customs union: Partial and general equilibrium analysis-Trade creation and Trade Diversion. Free trade areas, Emerging issues in SAFTA, ASEAN and EU.

Module V

Trade and Development. (20 hours)

Terms of Trade and UDCs – The Prebisch-Singer Hypothesis. Theory of Immiserizing growth-Dutch disease - Rybczynski theorem – Technical progress and trade- Structural changes in trade and Economic development- Global and National scenario.

Basic Reading List

Module 1

1. Dennis R. Appleyard and Alfred J. Field, International Economics (8th Edition) Mc Graw Hill, New Delhi (2014)
2. P. J. Lloyd and Hyun-Hoon Lee. Frontiers of Research in Intra-Industry Trade. Palgrave Macmillan, New York (2002)
3. Robert J. Carbaugh, International Economics, (11th Edition) Thomson South Western, New Delhi (2008)
4. Dominick Salvatore, International Economics, (8th Edition). Wiley India, New Delhi (2008)
5. Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz, International Economics: Theory and Policy (Eleventh Edition), Pearson Education Limited, UK (2018)
6. K C Rana and K N Verma, International Economics, Vishal Publishing Co. New Delhi (2017)

Module 2

1. Aditya Mattoo, Robert M. Stern, and Gianini Zanini. *A Handbook of International Trade in Services*, Oxford Univ. Press. New York (2008).
2. Olivier Cattaneo, *International Trade in Services: New Trends and Opportunities for Developing Countries*, World Bank, Washington DC, 2010.
3. Dennis R. Appleyard and Alfred J. Field, *International Economics (8th Edition)* Mc Graw Hill, New Delhi (2014)
4. Robert J. Carbaugh, *International Economics, (11th Edition)* Thomson South Western, New Delhi (2008)
5. OECD. *Services Trade policies and Global Economy*, OECD Publishing, Paris (2017)

Module 3

1. Bo Södersten, Geoffrey Reed, *International Economics, 3rd Edition*, Mc Millan Press Ltd. London (1994)
2. Dennis R. Appleyard and Alfred J. Field, *International Economics (8th Edition)* Mc Graw Hill, New Delhi (2014)
3. Robert C. Feenstra, *Advanced International Trade- Theory and Evidence*, Princeton University Press, Princeton, (2004)
4. Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz, *International Economics: Theory and Policy (Eleventh Edition)*, Pearson Education Limited, UK (2018)
5. K C Rana and K N Verma, *International Economics*, Vishal Publishing Co. New Delhi (2017)

Module 4

1. Bo Södersten, Geoffrey Reed, *International Economics, 3rd Edition*, Mc Millan Press Ltd. London (1994)
2. Dennis R. Appleyard and Alfred J. Field, *International Economics (8th Edition)* Mc Graw Hill, New Delhi (2014)
3. Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz, *International Economics: Theory and Policy (Eleventh Edition)*, Pearson Education Limited, UK (2018)
4. K C Rana and K N Verma, *International Economics*, Vishal Publishing Co. New Delhi (2017)

Module 5

1. Bo Södersten, Geoffrey Reed, *International Economics, 3rd Edition*, Mc Millan Press Ltd. London (1994)
2. Jagdish N. Bhagwati, Arvind Panagariya and T. N. Srinivasan. *Lectures on International Trade*, MIT Press (1998)
3. Jagdish N. Bhagwati, *International Trade: Selected readings*, Second Edition, MIT Press, Cambridge, Massachusetts (1987)
4. Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz, *International Economics: Theory and Policy (Eleventh Edition)*, Pearson Education Limited, UK (2018)
5. K C Rana and K N Verma, *International Economics*, Vishal Publishing Co. New Delhi (2017)

Additional Readings List

1. Late Luis A. Rivera-Batiz and Maria-Angels Oliva. *International Trade: Theory, Strategies and Evidence*, Ch.3, Oxford University Press, 2003.
2. Paul A. Samuelson. *International Trade and the Equalisation of Factor Prices*. *The Economic Journal* Vol. 58, No. 230 (Jun.,1948), pp. 163-184
3. D. N. Dwivedi. *International Economics: Theory and Policy*. Vikas Publishing Pvt Ltd Noida (2013)
4. Theo S. Eicher, John H. Mutti and Michelle H. Turnovsky. *International Economics (7th Edition)* Routledge, London (2009)
5. Rajat Acharyya & Saibal Kar. *International Trade and Economic Development*. Oxford University Press, UK (2014)
6. Francis Cherunilam. *International Economics (7th Edition)*. Tata McGraw-Hill Publishing Company Limited, New Delhi (2008)

MODEL QUESTION PAPER
19PEC32: INTERNATIONAL ECONOMICS I

Time: 3 Hours

Max. Marks: 75

SECTION – A

Define the following in **one** or **two** sentences

1. Community indifference curve
2. Ad valorem tariff
3. Intra-industry Trade
4. Outsourcing
5. Non-traded goods
6. Dumping
7. Terms of trade
8. Optimum tariff
9. SAFTA
10. Neo Protectionism

(10×1=10 Marks)

SECTION – B

Answer any **7** questions. **Each** should **not** exceed **500** words.

11. Explain Smith's theory of absolute cost advantage.
12. Describe the Rybczynski theorem
13. Examine the Leontief Paradox
14. Discuss the Theory of immiserizing Growth
15. Briefly explain the arguments for free trade
16. Elucidate the General Agreement on Trade in Services
17. Explain the different types of economic integration
18. Write a note on Voluntary Export Restraints
19. Briefly explain the Dutch Disease
20. Write a note on Dutch disease

(7×5=35 Marks)

SECTION – C

Answer any **3** questions. **Each** answer should **not** exceed **1200** words.

21. Critically examine the Comparative Advantage theory of Ricardo.
22. Discuss the Prebisch-Singer hypothesis
23. Explain the Partial equilibrium analysis of Customs Union
24. Describe the Heckscher-Ohlin theory of trade
25. Elucidate the Brander-Krugman Model

(3×10=30 Marks)

19PEC33: PUBLIC ECONOMICS

(Hours per semester: 110Hours per week: 6)

Objectives

The important objectives of this course is that the students should able to understand the regulatory and developmental responsibilities of government in a democratic country like India. It cover the theoretical and empirical dimensions of public goods and public choice, fiscal instruments and fiscal federalism with special reference to Indian context. It also covers the present fiscal management issues of India.

Course Specific Outcomes

If u complete the course successfully, you should be able to:

1. Describe the major items of government revenues and expenditure.
2. Demonstrate why competition is necessary for market efficiency.
3. Explain the sources of market failure.
4. Describe how the level of government expenditure is determined.

Course contents

Module 1: ROLE OF GOVERNMENT (18 hours)

Economic rationale of the Modern State: Market Failure and the rationale for Government; Natural Monopolies; Asymmetric Information; The Problems of Externalities and their Internalization- Externalities and public goods- Government Failure- Meaning- Invisible Hand vs. Government Failure.

MODULE 2: THEORY OF PUBLIC GOODS AND PUBLIC CHOICE (22 HOURS)

Concepts, Characteristics of Public goods: Economic Analysis of Public Goods, Efficient Provision of Public good; Partial Equilibrium Analysis, Optimal provision of Public Good; General Equilibrium Analysis. Merit Goods, Impure Public Good and The Theory of Clubs: Buchanan Model-Tiebout Model, Common Property Resources; Tragedy of the commons.

Public Choice Theory: Problems of Collective Choice defined, Majority Voting, An economic Theory of Politics.-Rent seeking and directly unproductive profit seeking activities.

MODULE 3: FISCAL POLICY INSTRUMENTS (28 HOURS)

Fiscal policy –meaning and objectives-Fiscal policy for stabilization – automatic and discretionary stabilization: classical and Keynesian- Principles of Taxation: Benefit and ability to pay Approaches; Theory of tax Incidence; Theory of optimal Taxation: Trade of between equity and efficiency; theory and measurement of dead weight losses- the problem of double taxation.

Theoretical and Empirical Analysis of Public Expenditure: Pure Theories of public expenditure, Wagner and Wiseman Peacock Hypothesis, Central Limit Hypothesis Criteria of Public Investment; Social cost-Benefit Analysis-Public Expenditure Management& Control: Concept-Reasons for the growth of Public Expenditure. Trends in Public Expenditure- Theories of Public Debt: Classical and Compensatory views: Sources of Public debt; Burden of Public debt; Principles of Management and repayment. Trends in Public Debt in India: Liabilities

MODULE4: FISCAL FEDERALISM: THEORY AND PRACTICE (20 HOURS)

Principles of Federal (Multi Unit) Finance: Imbalances in Federal Finance; Vertical and horizontal Imbalance; Fiscal federalism in India: constitutional Assignment of Functions and Sources of revenue- Devolution of resources and Theory of Grants in Aid- Problem of state-resources Indebtedness- Reports of Finance Commissions: Union and State- Local finance in India: Issues in Fiscal Decentralisation in India in the context of 73 and 74 amendments.-Structure.

MODULE 5: INDIAN PUBLIC FINANCE: CURRENT SCENARIO

Indian Tax System: An Assessment; Tax and Non-Tax Revenue of the Union, States and Local Bodies: VAT, CENVAT, MODVAT, Organizational structure of Goods and Service Tax (GST).

Practical Issues in Tax Reforms in India- Fiscal crisis and Fiscal sector reforms- fiscal imbalance: revenue, fiscal and primary deficits: Fiscal Responsibility and Budget Management Act- Budget Analysis.

BASIC READING LIST

1. Jean-Jacques Laffont (1989) Fundamentals of Public Economics, MIT Press, Boston.
2. Brown.C.V&Jackson P.M(1991), Public Sector Economics, Blackwell Publishers Inc, Massachusetts,USA.
3. Holley H.Ulbrich (2003), Public Finance in Theory and Practice, Thompson South-Western, Singapore.
4. Musgrave,R.A and P.B. Musgrave(2004) ,Public Finance in Theory and Praticce, Fifth Edition , Mc Graw Hill, Kogakusha, Tokyo.
5. David.N.Hyman(2005), Public Finance: A Contemporary Application of Theory to policy, 8
6. Rosen, Harvey (2013), Public Finance, Mc Graw Hill, New York.

MODEL QUESTION PAPER

19PEC33: Public Economics

Times: 3 Hrs

Max Mark: 75

SECTION -A

Define the following in one or two sentences.

1. Finance commission
2. Rent seeking
3. GST

4. Revenue expenditure
5. FRBM Act
6. Asymmetric information
7. Double taxation.
8. Invisible hand
9. Tragedy of the commons
10. Merit good

(10X1=10Marks)

SECTION-B

Answer *any 7* of the following. Each not exceeding 500 words

11. What is public good? Explain its characteristics features
12. Fiscal policy can be used a tool for obtaining economic stability-Elucidate
13. Classify revenues of central, state and local government
14. Briefly explain the theory of optimal taxation.
15. Explain different criteria's of public investment.
16. Distinguish between imbalances in federal finance.
17. Bring out the major factors responsible for increase in public expenditure.
18. Discuss the major principles of public debt management.
19. Briefly explain an economic theory of politics.
20. Briefly explain the Tiebout model of club goods.

(7X5=35 Marks)

SECTION-C

Answer *any 3* of the flowing. Each not exceeding 1200 words.

21. Describe the Fiscal crisis and Fiscal sector reforms in India.
22. Explain the role of the Government in correcting market failure.
23. Explain recommendations of the fourteenth Finance Commission.
24. Make a detailed framework of structure of GST in India.
25. What is incidence of tax? Explain the major theories.

(3x10=30 Marks)

Optional Paper

19PEC34: AGRICULTURAL ECONOMICS

(Hours per semester-110 Hours per week-6)

Course Specific Outcome

After the completion of the course, the students will be able to:

- Discuss the role of human resources in agricultural and economic development.
- Understand differences in farming systems found in various parts of the world.
- Identify the nature of environmental or natural resource problems that influence the sustainability of agricultural development.
- Develop the knowledge and understanding of basic principles and practice of economics as required in Agricultural Economics.
- Equip the students with the knowledge and skills required to analyse the agricultural economic issues for efficient use of scarce resources in agricultural sector.

Module I Agricultural Economics. (25 hours)

Nature and scope of Agricultural Economics. Role of Agriculture in economic development. - Farming system – Types- traditional (subsistence), Commercial, state, co-operative, collective farming. Most suitable farm organisation for Indian agriculture. Theories of agricultural development –Schultz, Mellor, Boserup, Lewis and Fei-Ranis.

Module 2: The Economics of Agricultural Production. (30 hours)

Agricultural Production Economics. Production function in Agriculture– factor- product relationship, product-product relationship, factor-factor relationship. Supply response models- Cobweb, Nerlov models. Resource

use efficiency - farm size productivity relationship in Indian Agriculture. Farm management- principles, need, relevance, farm management decisions and limitations of farm management. Farm budgeting-types, techniques. RAINBOW Revolution- Green revolution- need for second green revolution-Ever green revolution- Farm mechanisation.

Module 3: Agricultural Marketing and food security. (20 hours)

Agricultural marketing – efficiency, need, criteria for judging efficiency-Agricultural marketing system in India – current scenario, problems and Measures to improve the efficiency of Agricultural marketing in India –regulated markets and cooperative markets. Uncertainty and crop insurance- Behaviour of Agricultural prices- Role of public intervention in prices and distribution of Agricultural commodities. Commission on Agricultural Cost and Prices- role, functions and performance.

Food security in India-Public Distribution System-Targeted Public Distribution System-FCI-functions.

Module 4: Agricultural trade and Banking. (20 hours)

India's agricultural trade- TOT in agriculture-current status of India's agricultural foreign trade- share of agriculture to GDP–India and a global comparison, Agricultural development programmes in India. Agricultural Credit – need and importance- sources of credit-Capital formation in Indian agriculture-recent changes- Farmers welfare and rural development.

Module 5 Leading issues in Indian Agriculture. (15 hours)

Agricultural development in India – share, contribution, and impact on economy. Land reforms in India and its impact on agrarian structure. National agricultural policy-Agriculture and Environment- Rural indebtedness-causes, effects and counter measures-Input subsidies-issues and challenges- Issue of commercialization of agriculture –Globalisation and Indian agriculture - WTO and its impact on Indian Agriculture - New Agricultural policy.

References

Module 1

1. Soni.R.N. (2004) Leading Issues in agricultural Economics, Vishal Publishing Co. Jalandhar.
2. Andrew Barkley and Paul W. Barkley (2013)-Principles of Agricultural Economics.
3. Sadhu.A.N and Amarjith Singh, (IS) 1). Fundamentals of Agricultural Economics, Himalaya Publishing House, Bombay.
4. Y. Haymi and V. Rutan, (1971), Agricultural Development, An International prospective, John Hopkins.

Module 2

1. George w. Norton, Jeffrey Alwang and William A. Masters (2010)-Economics of Agricultural Development.
2. E D-Heady (1961), Economics of Agricultural production and Resource use. Prentice Hall,
3. A. Rudra, (1982), Indian Agricultural Economics.
4. D.Metcalf, (1969). The Economics of Agriculture.
5. Soni.R.N. (2004), Leading Issues h Agricultural Economics, Vishal Publishing. Co Jalandhar.
6. C.H. Hanumantha Rao. (1965). Agricultural Production Functions, Costs and Returns in India, Tata. McGraw Hill.

Modules 3

1. S.S.Acharya and N. Argwall (1998), Agricultural Marketing in India. Soni.R.N. (2004), Leading Issues ii Agricultural Economics, Vishal Publishing Co Jalandhar.
2. Tyagi.D.S. (1974). Fanners Responses to Agricultural Prices in India, A Study in decision making. New Delhi, Heritage Publishers.
3. Khusro. AM (1968), Readings in Agricultural Economics, Bombay, Allied.
4. Sidhu D.S. (1990), Some Aspects of Agricultural Marketing and Pricing Policies India, UAE, Oct-December.
5. Acharya.S.S. (1998), “Agricultural Marketing in India: Some facts and Emerging Issues: UAE, July-Sept,
6. H.Evan Drummond John W.Godwin (2004) Agricultural Economics, Pearson Education, Delhi

Module 4

1. BA. Prakash –Indian Economy since 1991.
2. Sadhu.A.N and Amarjith Singh, Jasbir Singh (IS) 1). Fundamentals of Agricultural Economics, Himalaya Publishing House, Bombay.

3. Soni.R.N. Leading Issues in agricultural Economics, Vishal Publishing Co. Jalandhar.

Module 5

1. Raj.K.N.etal. (1988), Essays in the commercialization of Indian-Agriculture New Delhi.
2. Soni,R.N.(2004),.Leading Issues in agricultural Economics, Vishal Publications, Jalandhar.
3. Robet.E.B. .Lacas, G.A.Papanck (Ed.) The Indian Economy, OUP 2000.
4. M.L.Dantawala;(Ed.), (1985), Agricultural Growth in India
5. Raj.K.N; and Sen A.K.and L.H.H Rao Ed (1988) Studies in Indian Agriculture.

MODEL QUESTION PAPER 19PEC34: AGRICULTURAL ECONOMICS

Time: 3 Hrs.

Max. Marks: 75

Section-A

Define the following in **one** or **two** sentences.

1. Agricultural Production Economics
2. Evergreen revolution.
3. Nomadic herding.
4. PDS.
5. Farming system research.
6. Farm budgeting
7. Agricultural Credit.
8. Amber Box.
9. IAAP.
10. Marginal value of Product.

(10x1=10 marks)

Section-B

Answer any **seven** of the following. **Each** should **not** exceed **500** words.

11. Explain the role and functions of CACP.
12. Explain the advantages and disadvantages of traditional farming system.
13. Write a note on nature and scope of Agricultural Economics.
14. Explain the current status of India's agricultural foreign trade.
15. Explain partial budgeting in detail and explain its limitations also.
16. Difference between partial budgeting and full budgeting.
17. Explain the role of Agriculture in economic development.
18. Explain the Boserup's theory of Agricultural development.
19. What do you know about the current agricultural scenario of India?
20. Discuss the Land reforms in India and its impact on agrarian structure.

(7x5=35 marks)

Section-C

Answer **any three** questions. Each answer should **not** exceed **1200** words.

21. Explain the agricultural production function and optimum utilisation of resources.
22. Explain the need, efficiency and criteria for judging efficiency of Agricultural marketing system in India.
23. Examine the major Agricultural development programmes in India.
24. Describe the three cycles of cob-web theorem.
25. Critically examine the Fei-Ranis theory of agricultural development.

(3x10=30 marks)

Semester IV

19PEC41: MACROECONOMICS - II

(Hours per semester: 120 Hours per week: 7)

Course Specific Outcomes

After the completion of the course, the student will be able to:

- Evaluate the impact of inflation among various stakeholders in Indian economy
- Critically analyse the RBI's inflation targeting as a tool to control inflation
- Identifies the various types of unemployment and assess the unemployment eradication programmes of the government
- Compare the causes of business fluctuations in Western and Asian economies
- Analyse the impact of global financial and economic crisis
- Relate the Lucas' Critique to macroeconomic policy making
- Explain Reaganomics on the basis of supply side principles
- Apply microeconomic foundations on macroeconomic variables
- Develop rationale for price and wage rigidities
- Demonstrate the impact of monetary and fiscal policies

Course Contents

Module 1: Theory of Inflation and Unemployment (20 hours)

Classical, Keynesian and monetarists approaches of inflation- Structuralist Theory of Inflation – Measuring inflation- Costs of inflation and Inflation Targeting –Benefits of inflation - Philips curve analysis- Short run and Long Run Philips curve- Samuelson and Solow's views- the Natural Rate Unemployment Hypothesis- Tobin's modified Philips curve- NAIRU - Adaptive Expectations- Expectation Augmented Philips curve- Cost of reducing inflation and unemployment- Increasing Natural Rate of Unemployment and Hysteresis Hypothesis – Philips curve and Rational expectation- New Micro Economics in Labour Market- Search theory- DMP(Diamond, Mortenson, Pissarides) model.

Module 2: Business Cycle (20 hours)

Cyclical behaviour of economic variables – Direction and Timing – Aggregate demand Shocks and Aggregate Supply Shocks – Business cycle theories of Keynes, Samuelson, Hicks, Kaldor and Goodwin – Real Business Cycle Theory- Political Business Cycle theories (views of Nordhaus, Hibbs and Alesina) – Financial and economic crisis 2007-2009- Causes and consequences (Financial Innovation, Asset Risk and Diversification, Impact on Real Sector)–View points by Conservative and Keynesian economists (Eugene Fama, Paul Krugman)

Module 3: Modern Development in Macro Economics –Classical school (25 hours)

Monetarism- Rational Expectations- New Classical Macro Economics- Views of Muth, Wallace, Sargent and Lucas (Lucas Surprise Labour Function, the Inter Temporal Substitution Model, Policy Ineffectiveness Argument, The Lucas Critique)- Supply Side Economics- Supply Shocks and Stagflation- Wedge Model- Laffer Curve- Policy Implication- The Dynamically Stochastic General Equilibrium model (DSGE)

Module 4: Modern Development in Macro Economics – Keynesian school (25 hours)

Neo-Keynesianism- Disequilibrium Keynesians: Reinterpretation of Keynes by Clover and Leijonhufvud- the Dual Decision Hypothesis- Quantity Constrained Model of Malinvaud and Barro- Coordination Failure Fundamental arguments of Post Keynesians- Kalecki's Pricing Model- Financial Instability Model of Hymn Minsky

New Keynesian macroeconomics- Nominal Rigidities- Real Rigidities- Small Menu Cost Model- Implicit Wage Contract Model- Efficiency Wage Theories- Insider Outsider Model and Hysteresis- Coordination Failure- Policy Implications – New Political Macro Economics-New Neo Classical Synthesis

Module 5: Macroeconomic Policy Issues (30 hours)

The theory of economic policy- Target and Instrumental variables – Tinbergen Rule-Policy Lags Monetary Policy –Conduct of Monetary Policy –Rules vs Discretion – The Time Inconsistency Proposition –Rules of Monetary policy- Taylor Rule- Monetary Targeting and Inflation Targeting –Central Bank Independence and credibility Fiscal policy –Crowding out – Budget deficits and Debt– Seignorage- Measurement problem of

Govt Debt- Views on Govt Debt – Traditional View- Barro-Ricardo Equalization Problem –Political Economy Theories of Budget Deficit- Effects of deficits- Income Policy and Wage Guideposts-Alternative Strategies to Reduce inflation – Gradualism vs Cold Turkey – Disinflation and Sacrifice Ratio – Okun’s Law – Growth vs Stability – Monetary and Fiscal policies in the Indian framework – The role of Fiscal Responsibility and Budget Management Act, 2003

Basic Reading List

1. Mankiw, G. (2011), Macro Economics, Worth Publishers, NewYork
2. Rudiger Dornbusch, Stanley Fischer and Richard Startz (2006), Macroeconomics, McGraw-Hill.
3. Levacic, R. and A. Rebman (2006), Macro Economics, Mac Millan Pres Ltd.
4. Froyen, R.(2008). Macroeconomics, Pearson India
5. Snowdon, B. H. Vane and P. Wynarezyk (2002), A modern Guide to Macro Economics:An introduction to competing schools of thought, Edward Elgar.
6. Kamran Dadkhah (2010), Evolution of Macro Economic Theory and Policy, Springer
7. David Romar (2011), Advanced Macro Economics, McGra-Hill, 4th Edition
8. Andre B.Abel and Ben S. Bernanke (2010), Macro Economics, 4th Edition, Pearson
9. G.K.Shaw, Michael J, Mc Croshie and David Greenway, Macroeconomics, theory and Practice, Blackwell.

Additional Reading List

Module 1

1. Garner Ackley (1989) Macro Economics: Theory and Practice, Collier Macmillan
2. I.Frisch H (1983), Theories of Inflation, Cambridge University Press, Cambridge
3. Oliver Blanchard (2011), Macro Economics, Pearson
4. Errol D’Souza (2008), Macro Economics, Pearson

Module 2

1. Stanley Bober (2010), Economics of Cycles and Growth, Witley.
2. Lucas, Robert E, “Understanding Business Cycle” in K.Brunner and A.Meltzer (eds.) Stabilisation of the Domestic and International Economy, Carnegie-Rochester Series on Public Policy 5 (Amsterdam: North-Holland) 1976.
3. Kydland, Finn E. and Edward C. Prescott “Time to Build and Aggregate Fluctuations”, *Econometrica* 50: 1345-1370, 1982.
4. <https://tel.archives-ouvertes.fr/tel-00987627/document>

Module 3

1. G.Mankiew (1989) Real Business Aspects- A Keynesian Perspective, *Journal of Economic Perspective*, Vol 3
2. Finn E Kydland, Edward C. Prescott, Rules Rather than Discretion, *the Journal of Political Economy*, Vol 85, N.3 (June 1977)
3. Lefteris Tsoulfidis (2010), *Competing Schools of Economic Thought*, Springer
4. Farrokh K Langdna (2009), *Macro Economic Policy: Demystifying Monetary and Fiscal Policy*,
5. Brian Snowdon and Howard R.Vane (Ed) (2003), *a Macro Economic Reader*, Routledge.
6. Ben J. Haijdra Frederick Van Der Ploeg (2002), *Macroeconomics*, OUP
7. A.J.Westaway and T.G.Weyman Johnes (1978), *Macro Economics, Theory, Evidence and Policy*, Longman

Module 4

1. Robert J Gordon, What is now Keynesian Economics? (In Macro Economic Reader) ed by B.Snowden and H.R.Vane, Routledge
2. Finn E Kydland, Edward C. Prescott, Rules Rather than Discretion, *The Journal of Political Economy*, Vol 85, N.3 (June 1977)
3. Lefteris Tsoulfidis (2010), *Competing Schools of Economic Thought*, Springer
4. Ben J. Haijdra Frederick Van Der Ploeg (2002), *Macroeconomics*, OUP
5. M.J.C Surrey (1976), *Macroeconomic Themes*, Wily Eastern.
6. James K Galbraith and William Darity Jr (1994), *Macroeconomics*, Houghton.

7. Goodfriend, Marvin; King, Robert G (1997), “The New Neoclassical Synthesis and the Role of Monetary Policy”, NBER Macroeconomics Annual, NBER Chapters, National Bureau of Economic Research, 12: 231–83
8. Kocherlakota, Narayana R (May 2010), “Modern macroeconomic models as tools for economic policy”, Federal Reserve Bank of Minneapolis
9. Woodford, Michael (2009), “Convergence in Macroeconomics: Elements of the New Synthesis”, American Economic Journal: Macroeconomics, 1 (1): 267–79
10. <https://economics.mit.edu/files/677>

Module 5

1. Friedman A (1968), the Role of Monetary Policy, the American Economic Review, Vol 58, No 1 (March 1968)
2. Finn E Kydland, Edward C. Prescott, Rules Rather than Discretion, The Journal of Political Economy, Vol 85, N.3 (June 1977)
3. Frederic S. Mishkin (2011), Macroeconomic: Policy and Practice, Pearson Education Limited.
4. Prabhat Patnaik (1995), Macroeconomics (edt.), OUP, New Delhi
5. Kocherlakota, Narayana R (May 2010), “Modern macroeconomic models as tools for economic policy”, Federal Reserve Bank of Minneapolis

MODEL QUESTION PAPER 19PEC41: MACROECONOMICS II

Time: 3 Hours

Max. Marks: 75

SECTION – A

Define the following in **one** or **two** sentences

1. Hysteresis
2. Labour market
3. Supply shocks
4. Financial crisis
5. Rational expectations
6. Laffer curve
7. Dual decision hypothesis
8. Menu cost
9. Sacrifice Ratio
10. Budget deficit

(1×10=10 Marks)

SECTION – B

Answer any **7** questions. **Each** should **not** exceed **500** words.

11. Explain the Structuralists’ theory of inflation
12. How the DMP model explains the rate of unemployment?
13. Briefly state the Real Business Cycle theory
14. What is the cyclical behaviour of economic variables during upswings and downswings?
15. What is Lucas critique?
16. Explain the major postulates of supply side economics
17. State the financial instability model of Hymn Minsky
18. Describe the implications of efficiency wage theories
19. Explain the time inconsistency proposition
20. Examine the importance of Fiscal Responsibility and Budget Management Act, 2003

(7×5=35 Marks)

SECTION – C

Answer **any three** questions. Each answer should **not** exceed **1200** words.

21. Critically examine the implications of short run and long run Phillips’ curves
22. Analyse the causes and consequences of the economic crisis of 2007-09

23. Describe the Dynamically Stochastic General Equilibrium model
24. Discuss the Insider-Outsider model
25. Critically evaluate the major macroeconomic policy issues

(3×10=30 Marks)

19PEC42: INTERNATIONAL ECONOMICS – II

(Hours per semester: 110. Hours per week: 6)

Course Specific Outcomes

After the completion of the course, the student will be able to:

- Describe the structure and functions of the foreign exchange market.
- Relate exchange rate changes to changes in the relative prices of countries' exports.
- Explain the purchasing power parity theory of exchange rates and the theory's relationship to international goods-market integration.
- Describe how monetary factors such as ongoing price level inflation affect exchange rates in the long run.
- Discuss the concept of the real exchange rate.
- Use exchange rates to calculate and compare returns on assets denominated in different currencies.
- Apply the interest parity condition to find equilibrium exchange rates.
- Discuss the concept of the current account balance.
- Use the current account balance to extend national income accounting to open economies.
- Apply national income accounting to the interaction of saving, investment, and net exports.
- Describe the balance of payments accounts and explain their relationship to the current account balance.
- Demonstrate the interdependence between internal equilibrium and external equilibrium.
- Relate international borrowing and lending to the standard trade model, where goods are exchanged over time.
- Analyse international capital budgeting and the issues in overseas funding choices
- Apprise the changing roles of international institutions in the fields trade, finance and investment.

Course Contents

Module I

Exchange Rates and the Foreign Exchange Market (30 hours)

Fixed vs Flexible Exchange Rates. Mint Parity and Purchasing Power parity. The Spot Market. Speculation and arbitrage. The forward market. Currency swaps, futures and options – Asset approach to exchange rate – Portfolio balance approach – FOREX management strategy – Management of foreign exchange with special reference to India – Indian Rupee and its fluctuations in international currency market.

Module II

Balance of Payments (25 hours)

Balance of Payments and Balance of Trade. Current Account and Capital Account. Autonomous and Accommodating Transactions. BoP Equilibrium and disequilibrium. Monetary model of BoP under fixed and flexible exchange rates – Devaluation and BoP crisis – Effects of Devaluation- Elasticity and Absorption Approach. Marshall - Lerner Condition and J Curve Effect. Foreign trade multiplier – Recent trends in BoP in India

Module III

Open Economy Adjustment Policies (20 hours)

Internal and external balance – Swan diagram – Assignment problem – Expenditure Switching and Changing policies – Combining monetary and fiscal policies

Module IV

International Financial Management (17 hours)

Euro currency market and international bond market – Analysis of international capital budgeting – Issues in overseas funding choices – Funding and risk management – Aspects of European debt crisis – Euro crisis and Brexit.

Module V

International Financial Institutions (18 hours)

Institutions for International Relations and Liquidity. Evolutionary and operational developments in international institutions- IMF, IBRD, IDA, UNCTAD, ADB, WTO. Problems and prospects of WTO Agreement in present Global trading- India and International institutions

Basic Reading List

Module 1

1. Dominick Salvatore, International Economics, (8th Edition). Wiley India, New Delhi (2008)
2. Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz, International Economics: Theory and Policy (Eleventh Edition), Pearson Education Limited, UK (2018)
3. Ronald MacDonald. Exchange rate Economics: Theories and Evidence. Routledge, London (2007)
4. Laurence S. Copeland. Exchange Rates and International Finance, 4th edition, Prentice Hall, New Delhi(2005)
5. Maurice D. Levi. International Finance Fifth Edition, Routledge, London (2009)

Module 2

1. Dennis R. Appleyard and Alfred J. Field, International Economics (8th Edition) Mc Graw Hill, New Delhi (2014)
2. Robert J. Carbaugh, International Economics, (11th Edition) Thomson South Western, New Delhi (2008)
3. Dominick Salvatore, International Economics, (8th Edition). Wiley India, New Delhi (2008)
4. Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz, International Economics: Theory and Policy (Eleventh Edition), Pearson Education Limited, UK (2018)
5. K C Rana and K N Verma, International Economics, Vishal Publishing Co. New Delhi(2017)

Module 3

1. Peter Isard. Exchange Rate Economics, Cambridge University Press, New York (1997)
2. Peter B. Kenen. International Economics. Cambridge University Press, New York (1996)
3. Peter B. Kenen. Essays in International Economics. Princeton University Press, Princeton, New Jersey (2019)
4. Robert J. Carbaugh, International Economics, (11th Edition) Thomson South Western, New Delhi (2008)
5. Dominick Salvatore, International Economics, (8th Edition). Wiley India, New Delhi (2008)
6. Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz, International Economics: Theory and Policy (Eleventh Edition), Pearson Education Limited, UK (2018)

Module 4

1. Alan C. Shapiro. Capital Budgeting and Investment Analysis, Dorling Kindersely(India) Pvt Ltd, New Delhi(2008)
2. G. Shailaja, International Finance, Universities Press India Ltd, Hyderabad (2008) Harold Bierman and Seymour Smidt. The Capital Budgeting Decision: Economic analysis of investment projects, Ninth edition. Routledge, New York (2007)
3. Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz, International Economics: Theory and Policy (Eleventh Edition), Pearson Education Limited, UK (2018)
4. K C Rana and K N Verma, International Economics, Vishal Publishing Co. New Delhi(2017)

Module 5

1. Dennis R. Appleyard and Alfred J. Field, International Economics (8th Edition) Mc Graw Hill, New Delhi (2014)
2. Robert J. Carbaugh, International Economics, (11th Edition) Thomson South Western, New Delhi (2008)
3. Dominick Salvatore, International Economics, (8th Edition). Wiley India, New Delhi (2008)
4. Paul R. Krugman, Maurice Obstfeld, Marc J. Melitz, International Economics: Theory and Policy (Eleventh Edition), Pearson Education Limited, UK (2018)
5. K C Rana and K N Verma, International Economics, Vishal Publishing Co. New Delhi(2017)

Additional Reading List

1. V. A. Avadhani. International Finance. Himalaya Publishing House Delhi (2017)
2. Cooper R. N. (ed) International Finance. Penguin books U.K. (1969)

3. P. G. Apte. International Finance Management Tata McGraw Hill Education(2006)
4. Rita M. Rodrigues and E. Eugene Carter. International Financial Management, Prentice Hall (1976)
5. OP Agarwal and B. K. Chaudhri. Foreign Trade and Foreign Exchange Himalaya Publishing House Pvt Ltd (2017)
6. V. I. J. Madhu. International Financial Management. Excel Books, New Delhi (2010)

MODEL QUESTION PAPER
19PEC42: INTERNATIONAL ECONOMICS II

Time: 3 Hours

Max. Marks: 75

SECTION – A

Define the following in one or two sentences

1. Spot Market
2. Devaluation
3. International Liquidity
4. Marshall-Lerner Condition
5. Buffer Stock
6. Assignment Problem
7. Gold Standard
8. Protectionism
9. European Snake
10. Special Drawing Rights

(10×1=10 Marks)

SECTION – B

Answer any 7 questions. Each should not exceed 500 words.

11. Explain the causes of disequilibrium in Balance of Payments
12. Illustrate the Swan Model of internal and external equilibrium
13. Explain the FOREX Management Strategy
14. Examine foreign trade multiplier and national income propagation
15. Discuss the purchasing power parity theory of foreign exchange
16. Write a note on the Asian Development Bank
17. Discuss the role of IDA in removing Global poverty
18. Explain Speculation and Arbitrage
19. Describe the Asset Approach to Exchange Rate
20. Write a note on Brexit

(7×5=35 Marks)

SECTION – C

Answer any three questions. Each answer should not exceed 1200 words.

21. Critically examine the role of UNCTAD in global trade and development
22. Examine the role of IMF in managing international liquidity
23. Elucidate the fixed and flexible exchange rate systems
24. Explain the Elasticity and Absorption approaches to BoP
25. Expound the Problems and Prospects of WTO Agreement

(3×10=30 Marks)

19PEC43 FINANCIAL SECURITIES MARKET ANALYSIS

(Hours per semester: 110 Hours per week: 6)

Course Specific Outcomes

- To know the capital markets and its functions.
- To understand the basics of investment decision analysis.
- It helps to get a view on the current stock market trading in India.

MODULE 1: NATURE AND ROLE OF FINANCIAL SYSTEM (14hours)

Money and Finance – Money and Near Money –Structure of financial system-Importance of financial system-Financial system and economic development-Functions of financial sector-Indicators of financial development-Financial intermediation and intermediaries-Financial markets -Classification of financial markets - Equilibrium in Financial Markets-Virtual money and electronic money.

MODULE 2: SECURITIES MARKET AND INTERNATIONAL FINANCIAL MARKETS (20hours)

Structure and composition of money and capital markets- Instruments of money and capital markets, Primary Market (New Issue Market) and Secondary Market -Primary stages in issue of shares (origination, underwriting and distribution)- Methods of floating of new issues (public issue(IPO-FPO)-, right issue, bonus issue, private placement, and offer to the employees)-Listing procedure of shares in securities market: objectives and advantages. Capital market reforms, overlapping of commodity, money and capital market and foreign exchange markets. International Financial Markets-Nature, Organization and Participants-Exchange rates-Devaluation and Depreciation-Working of Floating exchange rates since 1973-International financial flows, forms and volume-International liquidity Reforms in international monetary system for developing countries-Working of IIA and IFC-Asian Development Bank and India-Euro Dollar and Eurocurrency Markets.

MODULE 3: STOCK EXCHANGE – FUNCTIONS AND OPERATIONS (16hours)

Nature and functions of stock exchanges-Stock exchanges in India: NSE –Problems in NSE operations - BSE and ICSE -Over the counter exchange of India (OTCEI)-Advantages of OTCEI-Listing procedures of OTCEI-Trading in OTCEI-National Commodities and Derivatives Exchange Ltd (NCDEX)-Stock exchange indices and its construction – Nifty (Mini Nifty, Sectoral indices like Bank Nifty),Sensex.Market players: individual retail investors, institutional investors (mutual funds,banks,insurance companies and hedge funds), corporations and foreign institutional investors (FIIs).Dematerialization and depository system-Advantages of depository’s Major depositories (NSDL&CDSL).Credit Rating Agencies (CRISIL, ICRA, CARE).Speculation and other Issues in stock market (Insider trading).Regulatory aspect: SEBI.

MODULE 4: STOCK MARKET TRADING IN INDIA (18hours)

Basic requirements for Stock Investment/Trading(Stock Broker, Saving Account ,Demat Account, Trading Account, Internet Facilities).Types of investment in stock market (short term and long term investment). Methods of buying and selling stocks (Market order, Limit order and Stop loss order).Types of stock trading (Day trading and Delivery trading).Online share trading and Offline share trading. Current Settlement System in the stock market. Tax implications of investing in stocks (Exemption of dividend and long term capital gains from tax).

Basic Concepts in share trading –Open,High,Low,Close,Volume,Bid price, Offer price, Bid quantity, Offer quantity, Short selling, Penny stocks, Large cap stocks,Mid cap stocks, Small cap stocks ,Transaction cycle, Margin trading ,Bull phase, Bear phase, Dividend(interim and final dividend)and Bonus shares. Brokerage charge and Securities transaction tax.

MODULE 5: CREDIT MARKETS (15hours)

Credit Markets-Formal and Informal credit, Role of Credit, NBFI’s- Role and functions , Growth and impact on Indian Economy, Development Banks-role and functions, Investment Banking and Merchant Banking, Mutual Fund: Liquid Funds, Debt Funds, Equity Funds, and Balanced Funds, NAV of mutual fund schemes. Systematic Investment Plan (SIP) - Venture capital funds- Banking sector Reforms-Insurance markets in India –Structure and composition –Insurance sector reforms- IRDA

MODULE 6: MARKET FOR DERIVATES AND SECURITY ANALYSIS (22hours)

Economics of Derivates (Forwards,Swaps,Futures and Options),Futures Contracts-Pricing of Future Contracts, Hedging with Future Contracts, Financial Futures, Commodity Futures ,Use of Future Contracts, Economics of Options Contracts-Call Option ,Put Option, Option Premium, Pay Offs of option before expiration ,Major factors in Option Pricing :Intrinsic value and Time value. Hedging Strategies in Futures and Options: Short Hedges and Long Hedges.

Risk and financial assets-Types of risks-Assets-Valuation of securities-Factors affecting security prices –Security Analysis-Fundamental analysis-PE Ratio (price to earnings), EPS(earnings per share),Book value (price to book value ratio),Working Capital Ratio, Return on Equity Ratio (ROE),Debt Equity Ratio, Dividend yield, Price-Sales Ratio(P/S ratio), -Technical Analysis: Significance of Trend lines,Dow

Theory and Elliot –Wave Theory-Efficient Market Hypothesis(WeakForm,Semistrongform,Strongform).
PortManagement:Definition,Objectives and Markowitz Portfolio Theory, Sharpe Ratio.

MODULE 7: PRACTICAL SESSION (5hours)

Online trading-live markets-trade related aspects and derivatives.

READING LIST

MODULE 1

1. Bhole, L.M (2009).Financial Institutions and Markets: Structure, Growth and Innovations, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
2. Gurusamy, S. (2009). Indian Financial System, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
3. Khan, M.Y. (2013). Indian Financial System, New Delhi, McGraw-Hill Education (India) Pvt Ltd.
4. Machiraju M.R. (1999) Indian Financial Systems, Vikas Publishing House, New Delhi.
5. Shaw, EN (1983) Financial Deepening in Economic Development, Oxford University Press, London.
6. Subash Chandra Das (2015). The Financial System in India: Markets, Instruments, Institutions Services and Regulations, Delhi, PHI Learning Private Ltd.

MODULE 2

1. Avachani V.A. (2001), Investments and Securities Markets in India. Himalaya Publishers.
2. Bhole, L.M (2009).Financial Institutions and Markets: Structure, Growth and Innovations, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
3. Brahmanajida, P.R. (1982), IMF Loan and India's Economic Future. Himalaya Publishing House, Bombay
4. Crocker, A. (1982), International Money: Issues and Analysis. The English Language Book Society, Nelson, London.
5. Gupta. L.C. (Ed.) (1999), India Financial Markets and Institutions. Society for Capital Research and Development Delhi.
6. Gurusamy, S. (2009). Indian Financial System, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
7. Khan, M.Y. (2013). Indian Financial System, New Delhi, McGraw-Hill Education (India) Pvt Ltd.
8. Machiraju M.R. (1999) Indian Financial Systems, Vikas Publishing House, New Delhi.
9. R.B.I, (1995), Report of the Working group on Foreign Exchange Market in India, (Sodhani Group), Mumbai.
10. Subash Chandra Das (2015). The Financial System in India: Markets, Instruments, Institutions Services and Regulations, Delhi, PHI Learning Private Ltd.

MODULE 3

1. Avachani V.A. (2001), Investments and Securities Markets in India. Himalaya Publishers.
2. Bhole, L.M (2009).Financial Institutions and Markets: Structure, Growth and Innovations, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
3. Chandra P, (1997) Financial Markets (4th edn), Tata McGraw Hill, New Delhi,
4. Fabozzi F.J., Modigliani F. (Ed.) (2004), Foundation of Financial Markets and Institution.' 3rd Ed, Pearson Ed.
5. Gupta. L.C. (Ed.) (1999), India Financial Markets and Institutions. Society for Capital Research and Development Delhi.
6. Gurusamy, S. (2009). Indian Financial System, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
7. Khan, M.Y. (2013). Indian Financial System, New Delhi, McGraw-Hill Education (India) Pvt Ltd.
8. Machiraju M.R. (1999) Indian Financial Systems, Vikas Publishing House, New Delhi.
9. Subash Chandra Das (2015). The Financial System in India: Markets, Instruments, Institutions Services and Regulations, Delhi, PHI Learning Private Ltd.

MODULE 4

1. Bhole, L.M (2009).Financial Institutions and Markets: Structure, Growth and Innovations, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
2. Border, John &Evan J. Houpt (2015). Stock Market for Beginners Book, Publisher: John Border.
3. Gurusamy, S. (2009). Indian Financial System, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
4. Khan, M.Y. (2013). Indian Financial System, New Delhi, McGraw-Hill Education (India) Pvt Ltd.
5. Machiraju M.R. (1999) Indian Financial Systems, Vikas Publishing House, New Delhi.

6. Orli Zuravicky (2005). The Stock Market, New York, the Rosen Publishing Group, Inc.
7. Subash Chandra Das (2015). The Financial System in India: Markets, Instruments, Institutions Services and Regulations, Delhi, PHI Learning Private Ltd.

MODULE 5

1. Bhatt.R.S (1996), Unit Trust of India and mutual Funds: A Study, UTI Institute of Capital Markets, Mumbai.
2. Bhole, L.M (2009).Financial Institutions and Markets: Structure, Growth and Innovations, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
3. Fabozzi F.J., Modigliani F. (Ed.) (2004), Foundation of Financial Markets and Institution. ' 3rd Ed, Pearson Ed.
4. Gupta. L.C. (Ed.) (1999), India Financial Markets and Institutions. Society for Capital Research and Development Delhi.
5. Gurusamy, S. (2009). Indian Financial System, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
6. Sahadevan K.G. and M.T. Thirijalragu (1997), Mutual Funds. Prentice Hall of India, New Delhi.

MODULE 6

1. Alexander Carol (2008). Market Risk Analysis, Quantitative Methods in Finance, Hoboken, New Jersey, John Wiley & Sons Inc.
2. Bhole, L.M (2009).Financial Institutions and Markets: Structure, Growth and Innovations, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
3. Bouchaud, Jean-Philippe and Potters , Marc ,(2011), Theory of Financial risk and Derivative pricing- From Statistical Physics to Risk management, Cambridge University Press, Delhi.
4. Brahmaiah, B & Subba Rao, P. (1998). Financial Futures & Options, New Delhi, Himalaya Publishing House.
5. Chandra, Prasanna (2008).Financial Management: Theory and Practice, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
6. Chan P. Ernest (2009). Quantitative Trading: How to Build Your Own Algorithmic Trading Business, Hoboken, New Jersey, John Wiley & Sons Inc.
7. Dhanesh Khatri (2010). Security Analysis and Portfolio Management, Delhi, Macmillan Publishers India Ltd.
8. Farrell, J. (1997) Portfolio Management (2nd Edn) McGraw Hill, New York.
9. Fischer D.E and Jordan, R.J. (2009). Security Analysis and Portfolio Management, New Delhi, Prentice-Hall of India Pvt Ltd.
10. Hull, John.C. (2004).Options, Futures and Other Derivates, New Delhi, Prentice- Hall of India Pvt Ltd.
11. Kevin, S. (2015).Security Analysis and Portfolio Management, New Delhi, Prentice- Hall of India Pvt Ltd.
12. Kumar, S. (2010). Financial Derivates, New Delhi, PHI Learning Pvt Ltd.
13. Marston Richard. (2011).Portfolio Design – A Modern Approach to Asset Allocation, Hoboken, New Jersey, John Wiley & Sons Inc.
14. Ranganatham, M & Madhumathi, R. (2012). Investment Analysis and Portfolio Management, New Delhi, Dorling Kindersley (India) Pvt Ltd.
15. Sasidharan, K & Mathews, Alex.K.(2011).Security Analysis and Portfolio Management, New Delhi, Tata McGraw-Hill Education Pvt Ltd.
16. Somanathan, T.V. & Nageshwaran, V. Anantha (2015), the Economics of Derivates, Cambridge University Press, Delhi.

Additional Reading List

1. Bharathi, V. Pathak (2004), Indian Financial System, Pearson Edu. Low price ed.
2. Bishop P and D. Dixon (1992) Forcing Exchange Handbook, McGraw Hill, New York.
3. Edminster RO (1986) Financial Institutions, Markets and Management McGraw Hill, New York.
4. Frank J, Pabozzi, Franco Modighani, Frank J. Jones and Michael G. Ferri (2000) (3rd Ed) Foundation of Financial Markets and Institutions, Pearson Education, New Delhi.
5. Goldsmith, RW (1969) Financial 'Structure and Development, Yale, London.
6. Hanson JA and S. Kathuria (Eds) (1999), India: A' Financial Sector for Twenty First Century, Oxford University press, New Delhi.

7. Harker PR and SA Zenios (2010) (Ed) Performance of Financial Institution Cambridge University Press, Cambridge,
8. Johnson, HJ. (1993) Financial Institutions and markets, Mc Graw Hill, New York.
9. Ohlson, J.A (1987) the Theory of Financial Markets and Institution. North Holland, Amsterdam.
10. Prasad K.N. (2001) Development in India's Financial System, Sarup & Sons New Delhi.
11. Redseth. A (2000), Open Economic Macroeconomics. Cambridge University Press, Cambridge.
12. Robinson R.I, and D. Wrightman 1981) Financial Markets, Me Graw Hill, London.
13. Smith PP (1978) Money and Financial Intermediation: The theory and Structure of Financial System, Prentice Hall Englewood cliffs, New Jersey.
14. Weller, P. (1992), the Theory of Future Markets, Blackwell, Oxford.

MODEL QUESTION PAPER
19PEC43: FINANCIAL SECURITIES MARKET ANALYSIS

Times: 3 Hrs

Max Mark: 75

SECTION -A

Define the following in one or two sentences.

1. Near money
2. IPO
3. Underwriting
4. Stock exchange
5. Derivatives
6. Electronic money
7. OTCEI
8. Depositories
9. Call option
10. Devaluation

(10X1=10Marks)

SECTION-B

Answer any 7 of the following. Each not exceeding 500 words

11. Explain NSDL and CDSL.
12. Give a note on the instruments in money market.
13. Briefly explain the methods of floating new issues.
14. What are the functions of SEBI?
15. Explain the importance of financial system.
16. Bring out the types of stock trading.
17. What do you know about the credit rating agencies in India?
18. Explain the role of IFC and ADB in India.
19. Explain the Sharpe Ratio.
20. Explain the classification of financial markets.

(7X5=35 Marks)

SECTION-C

Answer any 3 of the flowing. Each not exceeding 1200 words.

21. Explain the Dow Theory and Elliot Wave theory.
22. Explain the nature and functions of Stock exchange and the major stock exchanges in India.
23. Explain the role of NBFIs in India.
24. Examine the financial reforms in India.
25. Discuss the Markowitz Portfolio theory..

(3x10=30 Marks)

Optional Paper

19PEC44 INDUSTRIAL ECONOMICS

(Hours per semester-110 Hours per week-6)

Course Specific Outcome

After the completion of the course, the students will be able to:

- Understand the basic concepts of Industrial Economics.
- Use theoretical models to understand industries and regulatory decision making.
- Explain the geographical location of industries.
- Identify the issues in the industrial development of India.
- Acquire fair knowledge of international experience of industrial progress.

Course contents

Module I

Scope and Basic Concepts of Industrial Economics. (10 hours)

Nature and scope - Structure Conduct Performance (SCP) paradigm. Market Power-Market concentration and its relationships. Industrial efficiency –Determinants-Efficiency and decision making process.

Module II

Theory of Firm-Alternative approaches and Industrial Decision. (20 hours)

Objectives of the firm – Behavioural theory of the firm, Transaction cost theory, Property Right theory, Agency theory and Resource Based theory.

Investment decisions –Risk and uncertainty in project appraisal - OECD and UNIDO approaches to investment decisions.

Module III

Location and Regional Development. (15 hours)

Industrial location - General determinants - Theories of Industrial Location – Weber, August Losch and Sargent Florence. Industrial Locational trends in India. Regional Growth and Regional Imbalance-measures.

Module IV

Industrial labour and Government regulations of industry. (25 hours)

Structure of industrial labour –Employment dimensions of Indian industry-Industrial legislation, industrial relations, Exit policy and Social security- Wage and problems of bonus – Industrial labour-Problems, policies and reforms in India-unorganized labour market.

Government regulations of industry-need for government intervention, the ways and means of government regulations, social control over industry, the legal framework of industrial regulation in India-Industrial growth and environmental preservation.

Module V

Industrial finance and Foreign Capital. (25 hours)

Importance of industrial finance –Sources of finance: Internal and External –Indian Industrial Finance: IDBI, IFCI, SFCs, SIDC, Commercial and cooperative banks, Share market, Insurance companies, Pension Funds, NBFIs etc.

Foreign capital-components, need, government policy towards foreign capital-foreign capital and collaboration.

Module VI

International Dimensions of Industrial Economics. (15 hours)

Bases for International Trade- Firms, Markets and International Trade-Protection and Domestic Market Power-Dumping-Multinational Enterprises (MNEs).

Basic Reading List

Module I

1. J. Ahluwalia, Industrial Growth in India - Oxford University Press, 1985.
2. R.R. Barthwal, Industrial Economics, New age international publishers, 2015.
3. Sharma, AK, Industrial Economics, Anmol Publication Pvt Ltd, New Delhi.2006
4. P.J. Devine : An introduction to Industrial Economics, George Alien and Unwin

5. D.A. Hay and D.J. Morris, Industrial Economics. Theory and Evidence University Press, 1979.

Module II

1. R.R. Barthwal, Industrial Economics, New age international publishers, 2015.
2. E. Penrose, the Theory of the Growth of the Firm, Blackwell, Oxford 1959.
3. Sharma, AK, Industrial Economics, Anmol Publication Pvt Ltd, New Delhi.2006

Module III

1. D.M. Smith, Industrial Location An economic and geographic analysis wiley
2. R.R. Barthwal, Industrial Economics, New age international publishers, 2015.
3. K.SU Menon Development of Backward Areas through Incentives, Asia. S. C Kuchal: Industrial Economy of India, Chaitanya, 1980.
4. Sharma, AK, Industrial Economics, Anmol Publication Pvt Ltd, New Delhi.2006

Module IV

1. Uma kapila, Indian Economy: performance and policies (14th edition) Academic foundation 2014.
2. Dileep mookherjee, Indian Industry policies and performance, Oxford University Press 1995.
3. A.N.Agrawal, Indian Economy Problems of Development and Planning Publication, 1995.

Module V

1. Sharma, AK, Industrial Economics, Anmol Publication Pvt Ltd, New Delhi.2006
2. L.C.Gupta : The Changing structure of Industrial Finance in India OUP, 1969.
3. R.R. Barthwal, Industrial Economics, New age international publishers, 2015.
4. Robert e. Lucas and G.F. Papanack (Ed): The Indian Economy, OUP.
5. Deepak Nayyar (Ed.): Industrial Growth and Stagnation OUP, 2000.
6. Vivek Srivastava Liberalisation, Productivity and competition.
7. I.M.D. Little and I.J. Ahluwalia (Ed.) India's Economic Reforms and Development OUP, 2000.
8. Khan M.Y. (1981) Indian Financial Systems, Allied P

Module VI

1. R.R. Barthwal, Industrial Economics, New age international publishers, 2015.
2. Umakapila: Understanding the problems of Indian Economy, Academic Foundation, 2001
3. Umakapila: Indian Economy since Independence. Academic Foundation, New Delhi, 1992.
4. Deepak Nayyar, Trade and Industrialization, Oxford University Press, New Delhi, 1977.

MODEL QUESTION PAPER 15PEC44: INDUSTRIAL ECONOMICS

Time: 3 Hours

Max. Marks: 75

SECTION -A

Define the following in **one** or **two** sentences.

1. Industrial Economics
2. Foreign capital.
3. Pension funds.
4. Administered price.
5. Decentralisation of industries.
6. MNEs.
7. Dumping.
8. Industrial sickness
9. SCP paradigm.
10. Locational triangle.

(10×1=10 Marks)

SECTION -B

Answer any **seven** of the following. **Each** should **not** exceed **500** words.

11. Explain the nature and scope of Industrial Economics.
12. Explain the difference between firm and industry.

13. Examine the general determinants of Industrial efficiency.
14. Discuss the role of IDBIs in promoting industrial finance.
15. Briefly discuss the behavioural theory of organisational goals.
16. Explain the components of foreign capital.
17. Explain the major problems faced by industrial labour in India.
18. Briefly explain the transaction cost theory of firm.
19. Examine the government policies towards foreign capital.
20. Explain the bases for international trade.

(7×5=35 Marks)

SECTION -C

Answer **any three** questions. Each answer should **not** exceed **1200** words.

21. Explain the internal and external sources of industrial finance and its role.
22. Examine in detail the different approaches to Industrial Location Analysis.
23. Explain the causes of economic backwardness and regional imbalance.
24. Explain the OECD and UNIDO approaches to investment decision.
25. Critically examine the Industrial growth and environmental preservation

(3×10=30 Marks)