

NORTH MAHARASHTRA UNIVERSITY, JALGAON

**SYLLABUS FOR M.A. PART-II ECONOMICS
(W.E.F. 1998-99)**

**SCHEME OF PAPERS AT M.A. ECONOMICS
SECOND YEAR M.A.**

COMPULSORY PAPERS :

- EC-11 Monetary Economics
- EC-12 Economics of Development and Welfare

OPTIONAL PAPERS (Any Two of the Following)

- EC-13 International Economics and Foreign Exchange
- EC-14 Banking and Financial Markets
- EC-15 Managerial Economics
- EC-16 Economics of Industries
- EC-17 Co-operation and Rural Development in India
- EC-18 Economics of Infrastructure
- EC-19 National Income and Social Accounting
- EC-20 Corporate Finance and Corporate Taxation
- ECO-21 Econometrics

ECONOMICS

M.A. Part - II

Compulsory Paper

EC-11 Monetary Economics and Statistics

SECTION-I

1. The classical Monetary and Employment Theory - Say's Law of markets, the Quantity theory of Money, Wages, prices and employment in the classical theory. Rigid Wages and Monetary policy. Saving - Investment theory and Rate of Interest. Application and Limitations of classicals to macro economic.
2. The Keynesian Macro-economic theory - The Simple Keynesian Model of Income determination. Theories of Consumption - absolute income theory, Relative income theory, Permanent income theory and Life cycle theory. Marginal Efficiency of capital and Marginal Efficiency of Investment in relation to Rate of Interest. Investment Expenditure.
3. The supply of money - Money stock measures M1 to M4 and CDR. The high powered. Creation process in India. It's relation with Asset and Liabilities of the Issue and Banking Department of the Reserve Bank of India. Sources of changes in Ms in India, the impact of the Government deficit on Ms. The balance -sheet approach in determination of money stock. The Reddy's working Group on Ms's 1998 new methodology of Computation of Ms.
4. The Demand for Money - Meaning. Different Approaches to the Demand for Money - Classical and Neoclassical view, Keynes's liquidity Preference approach. Tobin's portfolio Balance Theory., Wealth adjustment approach, Baumol's inventory approach, Rational Expectation Theory of Lucas.
5. Monetary Forces and National Income - Monetary Equilibrium - Determination of Interest Rate, the transmission mechanism. Derivation of LM Curve-shifts in it. Equilibrium in commodity market. Derivation of IS curve - shifts in it.

Two market equilibrium - changes in it. IS/LM and the Aggregate Demand with Aggregate supply. Effects of change in money supply in short and Long Run. Changes in the Fiscal policy and effects in short-Long-Run. Monetarist Vs Keynesian Schools.

SECTION - II

6. Inflation and Macro - Model - Meaning and measurement of Inflation. Supply stocks and Demand Stocks. Inflation as a monetary phenomenon. The Philips Curve Shape. Short-run, Long-run. Exceptional forces. Breaking the entrenched inflation.
7. Techniques of Monetary Control : Context of Monetary Policy. Monetary Control. Money Supply and the Money Multiplier. Control via Banks' Asset. Monetary targetss. Interest rate Viva money stock control. The Monetary Services index (Divisia Index).
8. Statistics - (a) Meaning and Importance (b) Population - Sample date - raw data - primary data - secondary data - variables and attributes. (c) Frequency Distribution - discrete and continuous - Exclusive and Inclusive Types of classes - cumulative frequency distribution. (d) Central Tendency - Meaning and requirement of good measures of Central Tendency. Types of measures of Central Tendency - Arithmetic mean - Geometric mean - Harmonic mean. Median - Merits, demerits and computation of the median. Mode - Features, merits, demerits. Importance of Mode. Methods of Calculating Mode. (e) Dispersion Concept - Requirement of a good measures of dispersion. Range mean deviation and its co-efficient - Variance - standard deviation - Co-efficient - Variance - standard deviation - Co-efficient of Variance.
9. Co-relation and Regression :
 - A. Concept of Co-relation - Types Karl Pearson's Coefficient of Co-relation - Definition - Computation for grouped and ungrouped data-Interpretation of the Co-relation Co-efficient. Properties of Co-relation Co-efficient (statement only). Rank co-relation and Interpretation.
 - B. Regression- Concept. Linear regression. Fitting of lines of regression by the Least Squares method (Proof not expected) Properties of regression Coefficient. Angle between two lines of regression - Concept and Formula.

N.B.- Minimum ONE Question of 20 (Twenty) marks is compulsory on Topic No. 8 & 9, including the internal OR.

M.A. Part - II
ECONOMICS
Compulsory Paper

EC-12 Economic of Development and Welfare

SECTION - I

1. Concept of Development - Distinction between Growth and Development, Determinant of Development, Characteristics of Modern Economic Development, Basic requirements of economic development, cost of development, Identifying features of LDCs.
2. Theories of Economics Development - Rostow's stages of economic growth, Utilisation of Surplus Labour by Lewis, Theories of balanced and unbalanced growth by Nurkse and Hirschman; Theory of big-push-Rosenstein Rodon, Critical minimum efforts - Leibenstein
3. Capital Formation - Meaning and Importance of Capital Formation, Factors determining Capital Formation, The role of Savings in economic development, Investment Criteria, Foreign aid, Import Substitution, Export promotion.
4. Technology and economic development, Choice of Techniques, Nature of technical progress, Advanced technology in economic growth.
5. Foreign Trade and economic development, Effects of International Trade Myradal's thesis of regional inequalities and backwash effects.

SECTION - II

6. Human Resource development - Investment in human resources, Health and Education, Technical and skill education, population and economic growth, Manpower planning and utilisation of surplus labour.
7. Concept of economic planning - Broad objectives - short Term and Long Term, Concept of Five Year planes and perspective planning in India, Plan strategy, Alternative Strategies during second and seventh plans of India, Future of planning in liberalized economics.
8. Welfare Economics - Criteria of Social Welfare, Maximization of Social Welfare, Policy and its rationale.
9. Concept of real income and Welfare - Divergence of social and private cost, social and private product, Welfare effects of non-competitive market forms, Inter-personal comparison of utility, Conditions of optimum welfare.
10. Economic development and welfare, Human development index and economic development in LDCs.

EC-13 International Economics and Foreign Exchange

SECTION-I

1. The classical Theory of Comparative Advantage - Ricardo, J. Mill. Haberler's opportunity cost, J.S. Mill's Reciprocal Demand, Edgeworth's offer Curve.
2. Modern Theory of International Trade - Heckscher-ohlin theorem. The Leontief Paradox - Extension of Heckscher ohlin model. More than two factors of goods.
3. Terms of Trade - Meaning, equilibrium with offer Curves. Concept of Terms of Trade - Commodity, Income, Single Factor, Double Factors terms of Trade - Tariff and its effects [Protective, Consumption, Production, Income and Employment terms of trade effects], Quota
4. Customs Union - Jacob Viner's theory - Trade Creation and Trade Diversion Under Customs Union (with - graphical Treatment), Welfare, gains or losses from a Union.
5. State Trading - Bilateral, Multilateral commodity, Trade agreement.

SECTION - II

6. Balance of payment - Concept and measurement. Balance of trade and transfers - Current and Capital account, Deficits and Surplus-Movement of Capital and balance of payments.
7. Foreign Trade Multiplier - Fixed and flexible exchange rate and exchange control.
8. Types of economic growth - Export-led economic growth, Neutral economic growth, Export biased economic growth, Ultra-export biased economic growth, Import biased economic growth, Immiserising growth.
9. India's New Economic Policy - 1991, Import-Export Policy. Impact and role of Foreign Capital Since 1991. Role of multinational Corporations. Partial convertibility of rupee, Issues involved in Full Convertibility of rupee.
10. GATT - Dunkel's proposal, World Trade Organization, Problem Solving Procedure. South Asian Currency Crisis of 1997-98.

ECONOMICS

M.A. Part - II

Optional Paper

EC-14 Banking and Financial Markets

SECTION-I

1. Banking and financial system of India - an overview Growth, Development and Structure of financial system in India.
2. Indian Money Market - Structure and development - Role of indigenous bankers - Call money market - Treasury Bills Market - Commercial paper (CP) and Certificate of Deposit (CD) market - other instruments - Role of Discount and finance House of India (DFHI), Securities Trading Corporation of India (STCI).
3. Indian Capital Market - Nature - Recent developments New instruments - stock markets - weaknesses, Role of securities and Exchange Board of India (SEBI).
4. Commercial Banking in India - Trends in growth after 1970. - Role in different sectors of the economy, Performance and profitability of commercial Banks, Private sector banks - growth and recent developments, Foreign Banks - Role, operations and working, State Bank of India (SBI), Operations and activities, Regional Rural Banks (RRB), Performance, problems and policy.
5. Report of the Committee on the Financial System (Narasimham Committee 1991), Recommendations - their implementation - recent reforms particularly after liberalization in the banking and Financial system with reference to capital adequacy norms, Non performing assets, Provisioning and Assets classification and other aspects - Diversification of commercial banks activities.

SECTION - II

6. Reserve Bank of India (RBI). Organization - Functions - Monetary regulation and instruments of Monetary Management. - effects of application of these instruments. Recent changes in Monetary policy (after 1991) - supervision over banks. Various aspects and methods of Supervisions for all types of banks.
7. Co-operative Banks in India - Growth and progress of credit Co-operatives - performance evaluation - problems - Policy. Primary Co-operative Banks - operations. Working and Importance. National Bank for Agriculture and Rural Development (NABARD). Functions, operations and role.
8. Non-Bank-Financial Intermediaries (NBFIs) - Functions and role of Loan Companies. Hire purchase finance companies, Leasing companies, Venture Capital Funds, housing finance companies, investment companies and trust, factoring companies, merchant banks, mutual funds, asset management and portfolio management companies. R.B.I. guidelines relating to their operations.
9. Development Financial Institutions (DFIs) - Organization, Operations and role of various financial and Investment Institutions - viz. IDBI, IFCI, ICICI, SFCs, IRBI, SIDBI, UTI, LIC - Policy developments relating to these institutions.
10. International Financial Institutions - Functions, Role and performance of IMF, IBRD, IFC, ADB and IDA - their policy towards India.

ECONOMICS

M.A.Part - II

Optional Paper

EC-15 Managerial Economics

SECTION - I

1. Introduction : Definition, Origin, Subject matter and scope, relationship with other sciences; methods, importance.
2. Business organization and motives - Alternative types of firms, ownership and control of firms, Motives of the firm, the Neo-classical model of the firm, Managerial discretion model of the firm, the behavioural model of the firm. Importance of the non-maximizing theory.
3. Demand Analysis - Meaning and determinant, Relationship between individual and market demand, Price, income and cross elasticities of demand, Relationship between price - elasticity and Total Revenue, Average Revenue, Marginal Revenue. The characteristics approach to demand, Beckon's Revision of demand theory, Market segmentation, Demand Forecasting.
4. Production and Costs - Short -run and Long-Run production Functions. The optimal combinations of inputs, Expansion Path, The economic concept of cost. The Short-run and Long-run cost functions and curves. Break even analysis. The relevant range of operations, Limitations, applications of break even analysis.
9. Linear programming and Capital budgeting - Application and assumptions of Linear programming, Constants for Profit - Maximization, Constraint Cost Maximization, Graphic Specification and Solutions to the Linear Programming problems. The dual problem, Meaning of Capital budgeting. The demand for capital. Methods of evaluating investments. The supply of Capital. The cost of capital.

SECTION - II

6. Risk analysis - Risk in economic analysis, Types of probabilities, probability distribution, Risk comparisons, measuring risks, Utility theory and risk aversion, Adjusting the Valuation method for risk, Techniques for decision making under uncertainty and the decision free.
7. Market structure and the pricing in theory - Classification of market structure. Perfect competition - Features - the Short-run equilibrium - losses and the Shut down decision - the long-run equilibrium. Monopoly - Features - the short run and the long-run equilibrium. Monopolistic competition - features - the short-run and the Long-run equilibrium. Oligopoly - Features - theory of Cartel and price Leadership.
8. Pricing Practices - Pricing objectives - procedures - methods. Cost plus pricing - going rate pricing - Price-Discrimination, multiple-product pricing - Peak load pricing - Pricing in product Life Cycle. Transfer pricing - Pricing in public enterprises - Geographical (Basing point system) pricing.
9. Location of the Firm - Importance, Factors Influencing Location, Weber's theory of Location, Hoover's theory, August WSCHE's central place theory, Hotelling theory of Location, The market area theory of Tord Palander.
10. Product differentiation and Selling Cost - Meaning and aspect of product differentiation - Importance of branding, labeling, packaging. Concept of selling cost- shape of the selling costs - determining promotional mix.

ECONOMICS

M.A. Part - II

Optional Paper

EC-16 Economics of Industries

SECTION-I

1. Introduction to Economics of Industries - Definition, scope of subject matter. History of the field, objectives in Industrial economics. Meaning of industrialization, its determinants and the role of industrialization.
2. Industrial and Market Structure - Industry - Definitional problems, Industrial structure in India, Industrial interdependence, Market and Market Structure - Definition and measurement of market structures - its determinants, relationship between market structures and performance.
3. The theory of the firm - The traditional theory of the firm, objections to it. Proposals for reformulations - ownership control and objectives. Principal agent theory, Managerial theory of the firm - Behavioural theory - satisfying theory - evolutionary theory. The importance of non-maximizing theories.
4. The Investment decision - The nature and types of investment decisions. Preparation of time profile of a project. Methods of project evaluation. Ranking of projects - Risk and uncertainties of decision making. Appraisal of public projects - Social-cost benefits analysis. Replacement decisions. Inventory investment. Sources of finance - Internal, External, Choice of funding. Internal Vs External Sources.
5. Industrial Location - An overview of industrial location in India. Factors influencing the location. Development of location theory - Weber's theory and sargen Florence theory. Industrial location and regional-urban problems. Impact of the Location policy of the Government. Policy instruments to affect industrial location.

SECTION - II

6. Performance Measurement - Meaning of performance in relation to firm and industry. Profitability as a measure of performance. The concept of profitability and measurement. Summary of the theories of profitability. Empirical studies on profitability analysis. Productivity as a means to measure the performance. Concept of productivity as measurement. Industrial efficiency - meaning, its determinants. The concept of optimum firm and its limitation. Productivity efficiency.
7. The theory of corporate growth - Need, Conceptual framework of the theory. Downie - The financial and demand restaurants. Penrose - managerial restraints and diversification. Morriss - The stock market and the growth of the firm. Simple model of steady. State permanent growth. Relationships among growth, size and profitability.
8. Diversification of the Firm - Meaning and types diversification, motives, measurement. Market of Corporate control- Merger, takeovers and integration. Motives and effects of merger and takeovers. Implication for public policies. Merger and take over activities with their regulation in India.
9. State's role and Intervention - Need for government intervention in industry. Tools of government intervention. Public policy towards monopoly and competition. The internal and external costs of government intervention. Optional government intervention.

ECONOMICS

M.A. Part - II

Optional Papers

EC 17 Co-operation and Rural Development in India.

SECTION - I

1. Features of Indian rural economy - The pattern of Socio-economic framework in rural India. Historical background and present situation. Problems of motivation. Rural leadership.
2. Infra structural facilities in rural area. Absence and inadequacies of infra-structure with respect to transport and communication. Credit and Banking, Storage and marketing. Irrigation and power. Education. Public health and administration.
3. Strategy for rural development - Area development approach - Programme approach - Growth centers approach - Merits and limitations. Role of rural leadership and voluntary organizations. Media for mass communication. Community development and Extension services. Decentralized administration. (Panchayati Raj Institutions). Co-operation and rural development.
4. Policies and measures for rural development. Problems of rural indebtedness. Role of Co-operative credit agencies in the post. Independence period. Organization and functions of the multipurpose co-operative society - their linkage with District Central Co-operative Banks. Functions of the - District Central Co-operative Banks, State Co-operative Banks and the Land Development Banks.

SECTION - II

5. Co-operative Farming Societies - Organization and Functions, Co-operative marketing and processing societies. Present pattern and working. Dairy Societies - working. achievements and limitations. Forest Co-operatives. Green revolution. High yielding variety programme. Intensive cattle development programme. Cattle Co-operative Societies.
6. Problems of Landless labour. Small Farmers development agencies (SFDA), Marginal Farmers and agricultural labour agency. (MFALL). Programmes for tribal development. Intensive Rural Development Programme (IRDP).
7. Rural Industrialization Co-operatives - Handloom Co-operatives small and cottage industries. The role of Co-operative Sugar, Shining and Dairy units in rural development. Khadi and Village industries Commission. National Small industries corporation. Rural electrification Corporation, their role and performance. Problems of rural housing.
8. Community development and Panchayat Raj institutions - Objectives, working and assessment of their performance.

ECONOMICS
M.A. Part - II
Optional Paper

EC-18 Economics of Infrastructure

SECTION - I

1. Infrastructure - Meaning, Necessity of infrastructure. Infrastructure and development.
2. Transport - Transport as a means of development of trade, output, employment and economic growth. The role of transport in developed and developing economies. Types of Transport - Problems and policies of Road, Railways, inland water and Air-transport in India. Suitable remedies of efficient working of transport facilities. Privatization of transport in India - issues and prospects.
3. Communications - Means of communication. Route making in Telephone Utilities. Decreasing cost principle in the telephone industry. Characteristics of postal services. Criteria for fixation of postal rates. Role of journalism, Radio and Television in communication.
4. Energy - Energy and Economic development. Factors determining the demand for energy. Effects of energy shortages. Energy modeling. Solar energy. The search of alternative energy. The energy policy in India. Electric power systems. Bulk supply and pricing of electricity. Electric power development in India. Rural electrification.
Water - Utilities, the issue of Municipal ownership. Financing the water utilities. Urban and Rural water supply.
The exploration of natural gas. Pricing problems. The relevance of the marginal cost principal.

SECTION - II

5. Industrial estates - Role of industrial estates in regional development. Small and village industries and industrial estates. Participation of foreign capital.

6. Public Health - Role of health in economic development. Resource allocation problem in private and government hospitals. Resource allocation and private practitioner. The problems of the multiple services of hospital. Pricing of these services. The demand for health services and the role of the physicians. The market failure in providing essential health services. The provision of the government to health services.
The review of the Indian National Health Policy and the feasibility of the alternative policies.
7. Education - Economics of education. Education and Economic growth. Approaches to educational planning. Social demands. Rate of return and manpower balances approach. The case for Universal free primary education. The problem of financing higher education in India. The new-education policy. Human resource development.
8. Environment - Economics of environment. Air and Water pollution. Urbanization. Housing and slums. Forest depletion and soil erosion. Land salinity. The relevance of the limits to growth argument. The Indian Context.

ECONOMICS
M.A. Part-II
Optional Paper

EC-19 National Income and Social Accounting

SECTION - I

1. Production Economic and Non-economic transactions. Distraction between "productive services" and "Transfer payments". Intermediate product and final product. Gross National product and Gross National Income. The social nature of the concepts - National Income as a flow concept. GDP and GNP concept of National Income in Socialist economics.
2. Methods of estimating National Income - a) National Income as an aggregate of Net outputs. Total value added by final product and value added by a firm. National Income as the aggregate value of final products at market. b) National Income as an aggregate of factor shares. c) Three phases of National Income at factor cost. aggregate factor shares and disposition. d) Netting for depreciation. e) Net income from abroad - Components of final output. $C+I+G+(X-M)$.
3. Inclusion of a) Production used for self consumption by the producers themselves. b) Unpaid services of housewives and other family members and c) Services of owner - occupied weings in national income. Treatment of services of other private consumer durables. Treatment of the services of Government properties.
4. Special problem of estimating income of banks and other financial intermediaries - Treatment of Government.

SECTION - II

5. Various aggregates, analysis and social accounts - The system of accounts - Production Account, Capital Account, The Household Account, The Government Account and the rest of the world Account, The Complete flow diagram.
6. GNP, Welfare and PQHL, i.e. Physical Quality of human Life.
7. International and Inter-Temporal comparison of National Income problems in compression. National income defaltor.
8. National Income of India - National product as a sum total of SDPs + $(X-Y)$. Indian conventions in estimating sectoral income. Methods in estimating National Income in India. Difficulties and solutions - Analysis trends in the National and per capita income in India since 1980. Saving and Investment by sectors - Causes of regional disparities in the distribution of National and per capita Income. Remedial measures for rational redistribution of regional income in India.

ECONOMICS
M.A. Part - II
Optional Paper

EC-20 Corporate Finance and Co-rporate Taxation

SECTION - I

1. Concept of corporation Finance - Logan Term and working capital requirement of business corporations. Corporate finance and corporate growth.
2. Internal and External, Short, medium and Logn-term sources of corporations in the private sector. Share Capital-Equity and preference, bonds, debentures, public deposits, oans and advances from banks and specialized financial Institutions, Reserves and surplus. Importance and limitations of Retained Earnings as an Internal source of capital. Indian Financial system and corporate finance. Working Capital Financing.
3. Capital Budgeting - Risk analysis in capita budgeting. Capital structure and cost of capital- Dividend policy- Corporate securities, Control of capital issues - SEBI, measuring returns from investment. Appraisal of an Investment project.
4. International Finance - World monetary system - Foreign Exchange markets and Exchange Rates. Financing of Foreign operations and Direct foreign Investment - Foreign Equity participation as an emerging source of corporate finance under Globalization.

SECTION - II

5. Forms of business organization and tax liability. Direct and Indirect taxes on Indian Corporations. Corporate income tax, Union Excises duties, Customs duties - Central sales tax and other indirect taxes on business corporation.
6. Corporation tax in India - Tax base and Tax Rate Statutory and Effective tax rate. Surcharge on corporate income tax. Deductions and allowances. Corporation Tax policy in India. Elasticity and buoyancy of corporation tax. Trends in Corporate taxation in India since 1971.
7. Incidence and Effects of corporation Tax. Forward and backward shifting of Corporation tax - Effects of Corporation tax in India on private corporate saving and Investment, Capital structure, profitability and Growth.
8. Corporate Tax planning and tax management. Tax planning in Indian companies.

ECONOMICS
M.A. Part - II
Optional Paper

EC-21 ECONOMETRICS

SECTION - I

1. Linear regression - Criteria for fitting a line-Method of Least Squares. The Nature of the error term and assumptions underlying it. Mean and variance of estimators. The Gauss- Markov Theorem- properties of the least square estimators. Confidence intervals and testing hypothesis about regression co-efficients. Multiple Co-relation co-efficient. Maximum likelihood estimation.
2. Elements of multiple regression - Three Variables Case - Normal equations - interpretation and testing of individual regression Co-efficient. The problems of multicollinearity. Use of dummy variables.
3. The Crucial role of least squares assumptions - Homoscedasticity and non autocorrelation. Effects of these assumptions. Errors in Variables. Lag in Economic Analysis. Bias in Simultaneous equations - Identification problem - requirement for identification.

SECTION - II

4. The notion of a rank of a Matrix. Solution of non-homogeneous and homogeneous systems of equations.
5. Characteristics roots and characteristics vectors of square matrices - Person Frobenius theorem for semipositive matrices. (Without Proof).
6. Linear Programming. Assumptions - Formulation of problem - its dual method of solving Linear programming problems. Linear programming and the theory of the firm.

ECONOMICS
M.A. Part - I
Optional Paper

EC-9 Mathematical Economics

SECTION - I

1. Simultaneous equations in two unknowns, intersection of straight lines.
2. Differential Calculus - Rate of differentiation of Function of one Variable, Partial derivations, differentials, Constrained optimization.
3. Theory of consumer behaviour. Basic concepts, demand curves, substitution and income effects.
4. Basic concepts of the theory of firm, Cost functions, production functions input demand functions.
5. Simple and Compound interest, Methods of Calculations, annuities, present worth of future payments or receipts, project evaluation.

SECTION - II

6. Growth Models. Harrod - Dommar Model, Samueson's Model of Multiplier and accelerator interaction, Mahallanobis model.
7. Input-output analysis -
 - a) Static input-output System, assumptions, technology matrix-Variability of technology. Hawkins - Simon Conditions - Open and closed models. Determination of output levels, given final demand. Elements of input-output systems.
 - b) Input-output tables in India - a brief review, Problems in Construction of input-output tables - Sectoral classification - Producer purchase Prices - Data base.
 - c) Input-output tables and projection - Validity of the assumption of constancy of input-output co-efficients. Upgrading the input-output tables. RAS method.

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