Subject: ECONOMICS

Note:
There will be two question papers, Paper-II and Paper-III. Paper II will have 50 objective Type Questions (Multiple choice, Matching type; True/False, Assertion-Reasoning type) carrying 100 marks. All the 50 questions are compulsory and have to be marked in OMR sheet. Paper III contains seventy five (75) objective type questions (Multiple choice, Matching type; True/False, Assertion-Reasoning type) of two (2) marks each. All the 75 questions are compulsory and have to be marked in OMR sheet.

Paper II

1. Micro-economic Analysis
Demand analysis-Marshallian, Hicksian and Revealed preference approaches
Theory of Production and Costs
Pricing and output under different forms of market structure
Factor Pricing analysis
Elements of general equilibrium and new welfare economics

2. Macro-economics Analysis
Determination of output and employment-Classical approach, Keynesian approach, Consumption hypotheses
Demand for Money-Fisher and Cambridge versions, Approaches of Keynesian Friedman, Patinkin, Baumol and Tobin
Supply of Money, Determinants of money supply, High-powered money, Money multiplier
Phillips Curve analysis
Business cycles-Models of Samuelson, Hicks and Kaldor.
Macro-economic Equilibrium-Relative roles of monetary and fiscal policies

3. Development and Planning
Economic Growth, Economic Development and sustainable Development importance of institutions-Government and markets-Perpetuation of underdevelopment-Vicious circle of
poverty, circular causation, structural view of underdevelopment—Measurement of development conventional, HDI and quality of life indices
Theories of Development—Classical, Marx and Schumpeter; Economic Growth—Harrod–Domar model, instability of equilibrium. Neoclassical growth—Solow’s model, steady state growth. Approaches to development; Balanced growth critical minimum effort, big push, unlimited supply of labour, unbalanced growth, low income equilibrium trap indicators and measurement of poverty
Importance of agriculture and industry in economic development—choice of techniques and appropriate Technology—investment criteria—Elementary idea of cost-benefit analysis.
Trade and Aid—International trade as engine of growth—Globalization and LDC’s Objectives and role of monetary and fiscal policies in economic development Techniques of planning; Plan Models in India; planning in a market-oriented economy

4. Public Finance
Role of the Government in Economics activity—Allocation, distribution and stabilization functions; Private, Public and Merit goods
The Public Budgets—kinds of Budgets, Zero-base budgeting, different concepts of budget deficits; Budgets of the Union Government in India
Public Expenditure—Hypotheses; effects and evaluation
Public Revenue—Different approaches to the division of tax burden, incidence and effects of taxation; elasticity and buoyancy; taxable capacity
Public Debt—Sources, effects, burden and its management
Fiscal Federalism—Theory and problems; Problems of Centre-State Financial relations in India
Fiscal Policy—Neutral and compensatory and functional finance; balanced budget multiplier

5. International Economics
Theories of International Trade: Empirical verification and Relevance
International Trade under Imperfect competition
Terms of Trade and Economic Growth—Secular
Deterioration of Terms of Trade hypothesis—a critical review
Equilibrium/disequilibrium in Balance of Payment—Traditional, Absorption and Monetary approaches for adjustment in the Balance of Payments, foreign Trade multiplier
Impact of Tariffs, Partial and general equilibrium analysis; Political economy of Non-Tariff Barriers
Theory of regionalism at Global level-Collapse of Bretton-Wood System-Recent Monetary reforms Trade Policy and Reforms in India

6. Indian Economy
Basic Economic indicators-National income, performance of different sectors Trends in prices and money supply
Agriculture-Institutional and technological aspects, new agricultural policy
Industry-New industrial policy and liberalization
Money and banking-Concepts of money supply, inflation, monetary policy and financial sector reforms
Public finance-Trends in revenue and expenditures of the Central and State Governments, Public debt; analysis of the Union Budget.
Foreign trade-Trends, Balance of payments and trade reforms
Poverty, unemployment, migration and environment

7. Statistical Methods
Measures of Central tendency, dispersion, skewness and kurtosis
Elementary theory of probability-Binomial, Poisson and Normal distributions
Simple correlation and regression analysis
Statistical inferences-Applications, sampling distributions (t, x2 and F tests), sampling of attributes, testing of Hypothesis
Index numbers and time series analysis
Sampling and census methods, types of sampling and errors

PAPER—III

Unit—I
Theory of Demand-Axiomatic approach, Demand functions, Consumer behaviour under conditions of uncertainty
Theory of production collusive and non-collusive oligopolies
Different models of objectives of the firm- Baumol, Morris and Williamson
Factor pricing
General equilibrium and Welfare Economics

Unit—II
Keynesian and post-Keynesian approaches to theory of output and employment; concept of investment multiplier; consumption hypotheses
Theories of investment and accelerator
Theories of demand for money-Keynesian and post-Keynesian
Different approaches to money supply; money supply, components and determinants; money multiplier
Output-price determination (aggregate supply and aggregate demand curve analysis)
Fleming - Mundell open economy model

Unit—III
Development and Growth-Role of institutions
Theories of growth and development-Models of growth of Joan Robinson and Kaldor; Technical Progress-Hicks, Harrod and learning by doing, production function approach to the determinants of growth: Endogenous growth: role of education, research and knowledge-explanation of cross country differentials in economic development and growth.
Theories of development-Classical, Marx, Schumpeter and structural analysis of development-Imperfect market paradigm, Lewis model of development, Ranis-Fei model, Dependency theory of development
Factors in economy development-natural resources, population capital Human Resource Development and infrastructure
Trade and development-trade as engine of growth, two-gap analysis, Prebisch, Singer and Myrdal views; gains from trade and LDCs

Units—IV
Theories of taxation, types, incidence and effects
Theories of public expenditure-effects on savings, investment and growth
Burden of public debt
Union Finance-Trends in Revenue and Expenditure of the Government of India State finance-Trends in Revenue and Expenditure of the State Governments
Public Debt-India’s Public debt since 1951-growth composition, ownership pattern and debt management
Union-state Financial Relations-Horizontal and vertical imbalance the Finance Commissions Fiscal Policy and Fiscal Reforms in India

Unit—V
Monetary approach and adjustment in the balance of payments
Regional blocs-multilateralism and world trading system
The Political Economy of imposition of non-tariff barriers
International trade under conditions of imperfect competition in goods market
Theory of International reserves
Optimum Currency Areas-Theory and impact in the developed and developing countries
WTO and its impact on the different sectors of the economy

Unit—VI
Components of money supply
Role, constituents and functions of money and capital markets
RBI-recent monetary and credit policies
Commercial banks and cooperative banks
Specialized financial and investment institutions
Non-Bank financial institutions and Regional Rural Banks

Unit—VII
Industrial structure and economic growth
Pattern of industrialization—Public and Private, large and small industries
Theories of Industrial location- Indian experience
Industrial productivity—measurement, partial and total trends
Industrial Finance in India
Industrial Labour—Problems, policies and reforms in India
Economic Reforms and industrial growth

Unit—VIII
Population and Economic development—interrelation between population development and environment, sustainable development
Malthusian theory of population, optimum theory of population, theory of demographic transition, population as ‘Limits to Growth’ and as ‘Ultimate Source’
Concepts of Demography—Vital rates, life tables, composition and uses, Measurement of fertility
Total fertility rate, gross and net reproduction rate—Age pyramids population projection-stable stationary and quasi-stationary population, characteristics of Indian population through recent census
Poverty in India - Absolute and relative analysis of poverty in India
Environment as necessity—amenity and public good; causes of environmental and ecosystem
degredation-policies for controlling pollution-economic and persuasive their relative
effectiveness in LDCs; Relation between population poverty and environmental degradation-
microplanning for environment and eco-preservation-water sheds, joint forest management and
self-help groups
Role of State in environmental preservation-Review of environmental legislation in India

**Unit—IX**
Role of Agriculture in Indian Economy-Share of Agriculture, interrelationship between
agriculture and industry
Institutional aspects-Land reforms, Green revolution
Technological aspects-Agricultural inputs an shifts in production function
Capital formation in the rural sector-Savings, assets and credits
Strategies for rural development
Regional disparities in Indian agriculture
Cooperative movement in India-Organization, structure and development of different types of
coopertives in India

**Unit—X**
Application of Differential and Integral Calculus in theories of consumer behaviour, Production
and pricing under different market conditions
Input-output analysis and liner programming
Application of Correlation and Regression
Testing of Hypothesis in Regression Analysis

**PAPER-III**
*(Elective/Optional)*

**Elective—I**
Single Equation Linear Model:
Assumption and properties of OLS
Multiple Regression Model-Estimation and Interpretation
Multi-collinearity-Auto-correlation and heteroscedasticity-Causes, detection, consequences and
remedy
Dummy variables, distributed lags-Need, limitations and interpretation
Applications in Economics
Simultaneous Equation models:
Structural and reduced forms
Endogenous and exogenous variables
Identification problems and conditions
Single equation methods of estimations- TSLS, indirect least squares and least various ratio
Techniques of Forecasting:
ARMA, ARIMA
Econometric properties of time series, Unit root, integrated series, random walk and white noise

Elective—II
Theory of Consumer Behaviour and Theory of Firms
Theory of Pricing—Monopoly, Monopolistic competition, Duopoly and Oligopoly
Theory of Games—Two-person, Zero-sum Game, Pure and Mixed strategy, Saddle point solution,
Linear programming and input output analysis
Static and Dynamic Multiplier and Accelerator, Samuelson-Hicks trade cycle model. Growth
Models—Harrod and Domar, Neoclassical models—Solow, Meade, Kaldor’s Model with
technological progress, endogenous growth models
Employment and output determination with fixed and flexible prices (IS-LM, Aggregate demand
and aggregate supply analysis)

Elective—III
The Rise and fall of Bretton Wood and emerging International Monetary System.
World Trading System—Evolution and Distortions.
Globalization—Developments in Exchange Markets. Euro–Currency Markets, and
International Bond Markets, International Debt crises
Theory of Foreign Exchange Markets—Exchange Trading, Arbitrage and Market Hedging

Elective—IV
Growth and Productivity trends in Indian Agriculture
Development of distributive Institutions—Costs and price policies
Agricultural marketing and credit
Trends in migration and labour markets. Minimum Wages Act
WTO and sustainable agricultural development
Reforms in Indian agriculture

Elective—V
Planning and Economic Development
Costs, Prices, WTO and Indian Agriculture
Globalization, Liberalization and the Indian Industrial Sector
Infrastructure and Economic Development
Social Sector, Poverty and Reforms in India
Women, Environment and Economic development
Trade Reforms and Liberalization
Financial sector reforms
Fiscal policy and fiscal reforms