

Deccan Education Society's
FERGUSSON COLLEGE, PUNE
(AUTONOMOUS)

SYLLABUS UNDER AUTONOMY

M. A. (ECONOMICS) Part-I
SEMESTER – I

Academic Year 2016-2017

**Deccan Education Society's
Fergusson College (Autonomous), Pune
Faculty of Arts
Post Graduate Syllabus (Economics)**

Semester	Course Code	Title of the Course	No. of Credits
I	ECO4101	Micro Economics - I	4
	ECO4102	Public Economics - I	4
	ECO4103	International Economics and Finance - I	4
	ECO4104	Mathematical Economics	4
	ECO4105	Indian Economic Policy	4
	ECO4106	Economics of Labour	4
II	ECO4201	Micro Economics - II	4
	ECO4202	Public Economics - II	4
	ECO4203	International Economics and Finance - II	4
	ECO4204	Statistical Techniques	4
	ECO4205	Agricultural Economics	4
	ECO4206	Industrial Economics	4

Extra Credits

Semester	Course Code	Title of the Course	No. of Credits
I	XHR0001	Human Rights - I	1
	XCS0002	Introduction to Cyber Security - I / Information Security - I	1
	XSD0003	Skill Development - I (Event Management)	1
II	XHR0004	Human Rights - II	1
	XCS0005	Introduction to Cyber Security - II / Information Security - II	1
	XSD0006	Skill Development - II (Event Management)	1

M.A. ECONOMICS (2016-17)

Part-I Semester - I

ECO4101 Microeconomics - I

(This course will have FOUR credits.)

This paper analyses the economic behaviour of individuals, firms and markets. It is mainly concerned with the objective of equipping the students in a rigorous and comprehensive manner with the various aspects of consumer behaviour and demand analysis, production theory and behaviour of costs, the theory of traditional markets.

UNIT 1: SUPPLY AND DEMAND

(7 Lectures)

1.1 INTRODUCTION TO MICROECONOMICS

- What is Microeconomics?
- The Role of Prices: Examples
- Important Distinctions in Economics
- Everyday Applications of Economics

1.2 THE BASICS OF SUPPLY AND DEMAND

- Overview of Supply and Demand
- Impact of a Demand Shift
- Impact of a Supply Shift
- Government Interference: The Labor Market
- Government Interference: Fuel Prices
- Costs and Benefits of Government Intervention
- Government Intervention: Water Shortages

1.3 ELASTICITY

- The Elasticity of Supply and Demand
- Using Empirical Economics to Determine Elasticity
- Elasticity and Taxation
- Elasticity and Medical Care

UNIT 2: CONSUMER THEORY

(16 Lectures)

2.1 PREFERENCES AND UTILITY

- Introduction to Consumer Theory
- Consumer Preference Assumptions
- Properties of Indifference Curves
- Utility Functions
- Marginal Utility
- Marginal Rate of Substitution

2.2 BUDGET CONSTRAINTS

- Budget Constraints and the Marginal Rate of Transformation
- Shocking the Budget Constraint

- Constrained Utility Maximization: Graphical Analysis
- Constrained Utility Maximization: Mathematical Derivation
- Corner Solutions
- Applying Constrained Utility Maximization

2.3 DERIVING DEMAND CURVES

- Application of Budget Constraints: Food Stamps
- Drawing Demand Curves
- Drawing Engel Curves
- The Income Elasticity of Demand
- Substitution and Income Effects

2.4 APPLYING CONSUMER THEORY: LABOR

- Review: Income and Substitution Effects
- The Labor-Leisure Trade off
- Impact of Wage Changes on Labor-Leisure Trade off
- Determinants of Labor Supply: Change in Consumption
- Impact of Labor Supply on Unemployment

UNIT 3 PRODUCER THEORY

(16 Lectures)

3.1 INTRODUCTION TO PRODUCER THEORY

- Firm Production Functions
- Short Run Production and Diminishing Marginal Product
- Long Run Production and the Marginal Rate of Technical Substitution
- Returns to Scale

3.2 PRODUCTIVITY AND COSTS

- Productivity
- Introduction to Costs and Short Run Costs
- Long Run Costs
- Long Run Expansion Path

3.3 COMPETITION I

- Introduction to Perfect Competition
- Search Theory
- Firm Demand vs. Market Demand
- Measuring Costs in Profit Maximization
- Short Run Profit Maximization in a Competitive Market
- Short Run Profit Maximization with Taxation
- Short Run Shutdown Decisions

3.4 COMPETITION II

- Short Run Shutdown Decisions (cont.)
- Determining Short Run Market Equilibrium
- Long Run Market Equilibrium: Firm Entry and Exit
- Long Run Market Supply Curve with Perfect Competition
- Long Run Market Supply Curve in Real World

UNIT 4: WELFARE ECONOMICS

(09 Lectures)

4.1 COMPETITION III

- The Agency Problem
- CEO Compensation: Stocks and Stock Options
- Negative Impact of CEO Compensation Structure
- Introduction to Welfare Economics: Individual Consumer Surplus

4.2 PRINCIPLES OF WELFARE ECONOMICS

- Market Consumer Surplus
- Producer Surplus
- Social Welfare and Dead Weight Loss
- Impact of Government Interference on Social Welfare
- Occupational Restrictions: Taxicab Medallions
- Occupational Restrictions: Medical Residency

Recommended Books:

- Hirschleifer J and A. Glazer (1997): Price Theory and Applications, Prentice Hall of India, New Delhi.
- Stigler, G (1996): Theory of Price, Prentice Hall of India, New Delhi.
- Arthur O Sullivan Micro Economics principles Applications and tools Pearson Publication. Delhi
- D.N.Dwivedi (3011) Micro Economics - Pearson Publication new Delhi.
- Sen, A.(1999): Micro Economics: Theory and Applications, Oxford University Press, New Delhi.
- Misra S.K. and V.K. Puri (2001): Advanced Microeconomic Theory, Himalay Publishing House, New Delhi.
- Kreps, David, M (1990): A Course in Microeconomic Theory, Princeton University Press.
- Rubinfeld Pindyck: Microeconomic Theory and application, 7th edition, Pearson Education New Delhi.
- Varian, Hal (1996): Intermediate Microeconomics, W.W. Norton and Company, New York.

M.A. ECONOMICS (2016-17)

Part-I Semester -I

ECO4102 Public Economics - I

(This course will have FOUR credits.)

The role and functions of the government in an economy have been changing with the passage of time. The term 'Public Finance' Has traditionally been applied to the package of those policies and operations which involve the use of tax and expenditure measures while budgetary policy is an important part understand the basic problems of use of resources, distribution to Income etc. there are vast array of physical institution –tax system, expenditure programs, budgetary procedures, stabilization instruments, debt issues, level of governments etc, which raise a spectrum of issues arising from the operation of this institutions. Further, the existence of externalities, concern for adjustment in the distribution of income and wealth etc require political processes for their solution in a manner which combines individual freedom and justice.

Unit 1: Role of Government

(12 Lectures)

1:1 Introduction

1.2 Role of Government in Organized Society

1.3 Changing Perspective — Government in a Mixed Economy:
Public and Private Sector

1.4 Government as an agent for Economic Planning and Development

1.5 Fiscal Functions: An Overview

1.6 The concepts of Public Goods and Private Goods

Unit 2: Public Policy

(12 Lectures)

2:1 Rationale for Public Policy

2.2 Allocation of Resources — Provision of Public Goods.

2.3 Voluntary Exchange Models: - Lindhal's, Masgrave's Models & Samuelsson Pure Theory.

2.4 Difference between Samuelsons and masgrave approaches

2.5 Public Choice Theory

- Voting Model
- The Optimal Constitution
- Log Rolling – The Buchanan Tullock Model
- The Down's Theory of Democracy
- Revealing Social Preference

Unit 3: Principle of Public Expenditure

(12 Lectures)

- 3.1 Introduction: Meaning and Scope, Reasons for Growth
- 3.2 Theoretical Analysis of Public Expenditure Growth
- 3.3 Wagner's Law of Increasing State Activities
- 3.4 Wiesman- Peacock Hypotheses; Pure Theory of Public Expenditure
- 3.5 Collin Clark's critical Limit Hypothesis
- 3.6 Evaluation of Public Expenditure:
 - Social Cost-Benefit Analysis, : Fundamentals, Meaning, Basic Postulate , Evaluation and Limitations

Unit 4. Public Debt

(12 Lectures)

- 4.1 Classical view of Public Debt;
- 4.2 Compensatory aspect of Debt Policy
- 4.3 Sources of Public Debt; Debt through created Money
- 4.4 Public Borrowings and Price Level
- 4.5 Crowding Out of Private Investment and Activity
- 4.6 Principles of Debt Management and Repayment
- 4.7 Burden of Public Debt on Indian Economy.

BASIC READING LIST

- Goode, R. (1986), Government Finance in Developing Countries, Tata McGraw Hill, New Delhi.
- Houghton, J.M. (1970), The Public Finance: Selected Readings, Penguin, Harmondsworth.
- Rajesh K.Jha (2012) Public Finance. Pearson Publication New Delhi

ADDITIONAL READING LIST

- Cornes, R. and T. Sandler (1986), The Theory of Externalities, Public Goods and Club Goods, Cambridge University Press, Cambridge.
- Duff, L. (1997), Government and Market, Orient Longman, New Delhi.
- Herber, B.P. (1967), Modern Public Finance, Richard D. Irwin, Homewood.
- Spulber, N. (1998), Redefining the State, Cambridge University Press, Cambridge.
- Buchanan, J.M. (1968), The Demand and Supply of Public Goods, Rand McNally, Chicago.
- Mueller, D.C. (1979), Public Choice, Cambridge University Press, Cambridge.
- Spulber, N. (1998), Redefining the State, Cambridge University Press, Cambridge.

- Stiglitz, J.E. (1986), Economics of Public Sector, Norton, New York.
- Dorfman, R. (Ed.) (1970), Measuring the Benefits of Government Investment, Brookings Institution, Washington.
- S.K. Singh, (2008), Public Finance in theory and Practice

M.A. Economics (2016-17)

Part-I Semester -I

ECO4103- International Economics and Finance - I

(This course will have FOUR credits.)

Chapter1: International Economy and Globalization & Foundations of Modern Trade Theory: 4

- Overview of International Economics.
- Gains from Trade and Pattern of Trade.
- Historical Development of Modern Trade Theory
- David Ricardo
- Principle of Comparative Advantage

Chapter 2: Sources of Comparative Advantage 10

- Factor Endowments as a Source of Comparative Advantage
- The Factor-Endowments Theory
- Factor-Price Equalization
- Who Gains and Losses From Trade? The Stolper-Samuelson Theorem
- Is International Trade a Substitute for Migration?
- Specific Factors: Trade and the Distribution of Income in the Short Run
- Does Trade Make the Poor Even Poorer?
- Skill as a Source of Comparative Advantage
- Increasing Returns to Scale and Comparative Advantage
- External Economies of Scale and Comparative Advantage
- Overlapping Demands as a Basis for Trade
- Intra-industry Trade
- Technology as a Source of Comparative Advantage: The Product Cycle Theory
- Dynamic Comparative Advantage: Industrial Policy
- Government Regulatory Policies and Comparative Advantage
- Transportation Costs and Comparative Advantage: Trade Effects, Falling Transportation Costs Foster Trade Boom

Chapter 3: Tariffs & Nontariff Trade Barriers 10

- The Tariff Concept
- Types of Tariffs
- Effective Rate of Protection
- Tariff Escalation
- Dodging Import Tariffs: Tariff Avoidance and Tariff Evasion
- Postponing Import Tariffs: Bonded Warehouse, Foreign-Trade Zone
- Tariff Effects: An Overview
- Tariff Welfare Effects: Consumer Surplus and Producer Surplus
- Tariff Welfare Effects: Small-Nation Model
- Tariff Welfare Effects: Large-Nation Model

- The Optimum Tariff and Retaliation
- Gains from Eliminating Import Tariffs
 - : How a Tariff Burdens Exporters
 - Tariffs and the Poor
 - Arguments for Trade Restrictions : Job Protection, Protection Against Cheap Foreign Labor, Fairness in Trade: A Level Playing Field, Maintenance of the Domestic Standard of Living, Equalization of Production Costs, Infant-Industry Argument, Noneconomic Arguments
- Import Quota, Quotas Versus Tariffs, Tariff-Rate Quota: A Two-Tier Tariff, Export Quotas, Domestic Content Requirements, Subsidies, Dumping, Antidumping Regulations, Is Antidumping Law Unfair, Other Nontariff Trade Barriers

Chapter 4: Trade Regulations and Industrial Policy

10

- India's Tariff Policies
- General Agreement on Tariffs and Trade
- World Trade Organization
- Failed Trade Negotiations
- Trade Promotion Authority (Fast-Track Authority)
- Protection From Imports
- Countervailing Duties: Protection Against Foreign Export Subsidies
- Antidumping Duties: Protection Against Foreign Dumping
- Protection Against Unfair Trading Practices
- Protection of Intellectual Property Rights
- Industrial Policies of India
- Strategic Trade Policy
- Economic Sanctions

Chapter 5: Trade Policies for the Developing Nations

6

- Developing-Nation Trade Characteristics
- Tensions Between Developing and Advanced Nations
- Trade Problems of the Developing Nations
- Falling Commodity Prices Threaten Growth of Exporting Nations
- Stabilizing Primary-Product Prices
- The Opec Oil Cartel
- Are International Labor Standards Needed to Prevent Social Dumping?
- Aiding the Developing Nations
- Economic Growth Strategies: Import Substitution Versus Export-Led Growth
- East Asian Economies
- China's Transformation to Capitalism
- Does Foreign Direct Investment Hinder or Help Economic Development?

References:

- Paul R. Krugman & Maurice Obstfeld (2009) International Economics Theory and Policy. Pearson Education Publication New Delhi
- James Gerber (2012) International Economics Pearson Publication. New Delhi
- Chacholiades, M. (1990), International Trade : Theory and Policy, McGraw Hill, Kogakusha, Japan.
- Kindleberger, C.P. International Economics, R.D. Irwin, Homewood.
- Salvatore, D. (1997), International Economics, Prentice Hall, Upper Saddle
- River, N.J., New York.
- Soderston, Bo (2005), International Economics, The Macmillan Press Ltd., London.

M.A. Economics (2016-17)
Part-I Semester -I
ECO4104 Mathematical Economics
(This course will have FOUR credits.)

Objective :

The main objective of this paper is to train the students to use the techniques of mathematics which are commonly applied to understand and analyze economic problems. The students are expected to formulate problems in economic theory and learn simple solutions with one or two variables, leaving the solution of general problems for the paper on Application of Computers in Economics

1 Introduction (02 Lectures)

- Significance of Mathematics in Economics

2 Static Analyses (08 Lectures)

- Real numbers; Set theory; Fuzzy set theory; Relations and functions; Economic equilibrium analysis Linear model: Matrix algebra: Matrix operations; Commutative, associative, distributive laws Transposes; Determinants; Nonsingularity;
- Laplace expansion; Matrix inversion; Cramer's rule; Applications in Economics; Input-output model.

3 Comparative Statics (14 Lectures)

- The derivative; Limit; Continuity; differentiability; Rules of differentiation;
- Partial differentiation; Total differentials; Total derivatives; Implicit functions;
- Applications in Economics
- **Optimization:** First and second derivative tests; Exponential function: Derivatives;
- Logarithmic function: Derivatives; Applications in Economics.
- Functions of two or more variables: Second order partial derivatives and total differentials
- **Finding maximum/minimum:** Unconstrained optimization; Quadratic forms;
- Characteristic roots; Concavity and convexity; Applications in Economics.
- **Constrained optimization:** Classical Programming; Lagrange multiplier; Second order condition; Homogeneous functions; Homotheticity; Euler's theorem; Cobb-Douglas function; CES function; Translog Function; Applications in Economics.

4 Dynamics (14 Lectures)

- Rules of integration; Indefinite integrals; Definite integrals; Improper integrals;
- Applications in Economics; Domar Growth model.
- **First order difference equations:** Dynamic stability of equilibrium; Applications in Economics: Cobweb model; Harrod model.
- **Second order difference equations:** Applications in Economics: Samuelson trade cycle model.
- **Dynamic Optimization:** Discrete Time and Continuous Time.

5 Mathematical programming and Game theory

(10 Lectures)

- Linear Programming; Simplex method; Duality; Non-linear programming;
- Kuhn-Tucker conditions; Applications in Economics. Game theory; the rectangular game as a linear program; duality.

References:

- 1. Chiang A.C. and K. Wainwright, Fundamental Methods of Mathematical Economics, 4 th Edition, McGraw-Hill, New York, 2005.(cw)
- 2. Dowling E.T, Introduction to Mathematical Economics, 2nd Edition, Schaum's Series, McGraw-Hill, New York, 2003(ETD)
- 3. R.G.D Allen, Mathematical Economics
- 4. Mehta and Madnani -Mathematics for Economics
- 5. Joshi and Agarwal- Mathematics for Economics
- 6. Taro Yamane- Mathematics for Economics

M.A. Economics Part I Semester I

ECO4105 Indian Economic Policy

(This course will have FOUR credits.)

Preamble- The candidates at the post-graduate level are expected to analyze various issues pertaining to India's economic development. The performance of the economy is to be assessed on the backdrop of various Five Year Plans implemented in the economy. Wherever possible, critical appraisal is expected by taking cognizance of the contemporary developments in the economy.

Unit-1. Framework of Indian Economy (12)

- 1.1. National Income: Trends and Structure of National Income, Trends in rural - urban income disparity.
- 1.2. Demographic Features and Indicators of Economic Growth and Development Rural-Urban Migration and issues related to Urbanization
- 1.3. Unemployment-Nature, Central and State Government's policies, policy implications, Employment trends in Organized and Unorganized Sector, Gender issues in agricultural services.

Unit -2. Development Strategies in India (12)

- 2.1. Agricultural- Pricing, Marketing and Financing of Primary Sector
- 2.2. Economic Reforms- Rationale of Economic Reforms, Liberalization, Privatization and Globalization of the Economy,
- 2.3 . Interdependence between Agriculture and industrial development.
- 2.4 . Changing structure of India's Foreign Trade
- 2.5. Role of Public Sector- Redefining the role of Public Sector, Government Policy towards Public Sector, problems associated with Privatization, issues regarding Deregulation-Disinvestment and future of Economic Reforms

Unit -3. The Economic Policy and Infrastructure Development (12)

- 3.1. Energy and Transport
- 3.2. Social Infrastructure- Education, Health and Gender related issues, Social Inclusion
- 3.3. Issues and policies in Financing Infrastructure Development

3.4. Indian Financial System- issues of Financial Inclusion, Financial Sector Reforms-review of Monetary Policy of R.B.I. Capital Market in India.

Unit -4. The Economic Policy and Industrial Sector (12)

4.1. Industrial Sector development Pre-reforms period and Post-reform period

4.2. Problems of MSMEs .

4.3 Amalgamation ,Mergers, Acquisition, Taceovers.

4.4. Labour Market- Characteristics of Indian Labour Market, Labour efficiency and productivity, Technical change, Labour absorption.

Basic Reading List --

- Brahmananda, P.R. and V.A. Panchmukhi. [2001], Ed. 'Development Experience in Indian Economy, Inter-state Perspective,' Book well, New Delhi.
- Gupta, S.P. [1989], 'Planning and Development in India: A Critique,' Allied Publishers Private Limited, New Delhi.
- Bhagwati, Jagdish. [2004], 'In Defense of Globalization,' Oxford University Press, U.K.
- Dhingra, Ishwar //C.[2006], 'Indian Economy,' Sultan Chand and Sons, New Delhi.
- Datt, Ruddar and Sundaram, K.P.M. [Latest edition], 'Indian Economy,' S. Chand and Co, New Delhi.

Fergusson College (Autonomous), Pune-4

M.A. Economics Part- I Semester I

ECO4106 Economics of Labour

(This course will have *FOUR* credits.)

PREAMBLE

Issues pertaining to the labour market, wage theories, employment, trade unions and collective bargaining in the globalized economy have become vitally important for developing countries. In a country like India where the bulk of the labour force is in the unorganised sector and the organized sector is witnessing “jobless” growth. The importance of issues such as employment and unemployment as well as livelihood and social security for the growing millions continues to assume significance. This paper exposes students to theoretical as well as empirical issues relating to the labour market with special reference to India.

	Lectures.
Unit 1. Introduction.	(4)
1.1 Nature, Scope and Importance of Labour Economics.	
1.2 Meaning- Concept, Significance and Characteristics of Labour	
1.3. Types of Labour	
Unit 2.Labour Market	(4)
2.1 Characteristics of Labour Market	
2.2 Demand and Supply of Labour	
2.3 International Comparison	
Unit 3. Wage Determination Theories	(10)
3.1 Deferent Concepts of Wages	
3.2 Concept of Relative Wages, Wage Differentials. Causes of Difference in Wages,	
3.3 Marginal Productivity Theory, Theory of Collective Bargaining, Modern Theory of Wages.	
3.4 Wage Determination Models-John T.Dunlop,William Fellner,A.M.Carter	
3.5 Wage Determination in – Organised- Unorganised Sector.	
Unit 4. Labour Problems in India	(10)
4.1 Migration	
• Meaning, Nature of Labour Migration	
• Trends & effects of Migration.	
4.2 Absenteeism	
• Meaning, Nature of Labour Absenteeism	
• Causes, effects and remedies of Labour Absenteeism	
4.3 Recent Problems in Agricultural and Industrial Labours	
Unit 5. Industrial Relations.	(10)
5.1 Labour Unions in India- Growth, Pattern, Structure and Achievements of Labour Union in India.	
5.2 Causes of Industrial Disputes –Economic and Non-Economics	
5.3 Industrial Disputes Settlement Mechanism	

- Wage Boards
- Labour Laws
- Adjudication
- Arbitrage
- Collective Bargaining
- Workers Participation in Management

5.4 Pattern of Women Employment in India

Unit 6. Social Security

(10)

6.1 Meaning and Need for Social Security.

6.2 ILO and Social Security

6.3 Social Security in Other Countries-

- Social Security in U.S.A, Newzealand, Britain and Russia.

6.4 Social Security measures in India.

6.5 Introduction to Labour Laws

Reference Books :

- Datt, G (1996), Bargaining Power, Wages and Employment : An Analysis of Agricultural, Labour : Marketsin India : Sage Publications, New Delhi
- Hajela, P.D.(1998), Labour Restructing in India : A Critique of the New Economic Policies, Commonwealth Publishers, New Delhi.
- Jhabvala, R.and R.K. Subrahmanya (Eds) (2000), The Unorganised Sector : Work Security and Social Protection : Sage Publications, New Delhi.
- Lester, R.A.(1964), Economics of Labour (2nd Edition), Miacmillan, New Work.
- McConnell, C.R. And S.L. Brue (1986), Contemporary Labour Economics, McGraw-Hill, New York.
- Papola, T.S.P.P. Ghosh and A.N.Sharma (Eds)(1993). Labour, Employment and Industrial Relations in India, B.R.Publishing Corporation, New Delhi.
- Rosenberg M.R. (1988), Labour Markets in Low Income Countries in Chenery
- T.N.Srinivasan (Eds) The Handbook of Development Economics North Holland, New York.
- Venkata Ratnam, C.S.(2001), Globalization and Labour- Management Relations : Dynamics of Changes, Sage Publications/Response Books, New Delhi.
- T.N. Bhagoliwal (2011)Sahitya Bhavan Publications,Agra.
- Pratiyogita Darpa New Delhi (2015).- General Studies Indian Economy
- Ramesh Singh(2015) -Indian Economy McGraw-Hill Education New Delhi.

Deccan Education Society's
FERGUSSON COLLEGE, PUNE
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SYLLABUS UNDER AUTONOMY

M. A. (ECONOMICS) Part-I
SEMESTER – II

Academic Year 2016-2017

M.A. ECONOMICS (2016-17)

Part-I Semester -II

ECO4201 Microeconomics - II

(This course will have FOUR credits.)

UNIT 1: MONOPOLY AND OLIGOPOLY

(15 Lectures)

1.1 MONOPOLY I

- Marginal Revenue For a Monopolistic Firm
- Elasticity and Marginal Revenue
- Profit Maximization and Shutdown Conditions
- Market Power
- Welfare Effects of Monopoly
- Price Discriminating Firms

1.2 MONOPOLY II

- Examples of Price Discrimination
- Sources of Monopoly Formation: Cost Advantages
- Sources of Monopoly Formation: Government Actions
- Price Regulation
- Contestable Market: The Airline Industry

1.3 OLIGOPOLY I

- Types of Oligopolies
- Game Theory and the Prisoner's Dilemma
- Applications of Game Theory
- Repeated Games
- Cournot Competition
- Best Response Curves

1.4 OLIGOPOLY II

- Cournot Competition: Mathematical Analysis
- Cartels
- Comparison of Firm Types
- Impact of Firm Quantity on Welfare
- Bertrand Price Competition

UNIT 2: TOPICS IN INTERMEDIATE MICROECONOMICS

(15 Lectures)

2.1 FACTOR MARKETS

- Determining Demand for Labor
- The Monopsony Model
- Barriers to Wage Discrimination
- Minimum Wage and Employment Rates

2.2 UNCERTAINTY

- Expected Utility Theory and Risk Aversion
- Alternative Examples of Utility Functions
- Applications of Expected Utility Theory: Insurance
- Applications of Expected Utility Theory: The Lottery

2.3 CAPITAL SUPPLY AND MARKETS I

- Introduction to Capital Markets
- Intertemporal Choice
- Intertemporal Choice: Change in Interest Rate
- Calculating Present Value
- Calculating Future Value and Compounding
- Accounting for Inflation: Real Interest Rate

2.3 CAPITAL SUPPLY AND MARKETS II

- Determining Savings Decisions Over Time
- Investment Decisions and Net Present Value
- Application of Investment Decisions: Human Capital
- The Importance of Savings
- Policy Efforts to Increase Long Term Savings

UNIT 3: EQUITY AND EFFICIENCY

(18 Lectures)

3.1 EQUITY AND EFFICIENCY

- Overview of the Equity-Efficiency Tradeoff
- Social Welfare Functions: Utilitarian, Rawlsian, Nozickian, Commodity Egalitarian
- Income Distribution and Poverty
- The Impact of Tax and Transfer

3.2 GOVERNMENT REDISTRIBUTION POLICY

- Forms of Taxation
- Consumption Tax: The European Model
- Excise Tax on Goods with Negative Externalities
- Determining Tax Rates
- Forms of Transfer
- Earned Income Tax Credit (EITC)

3.3 HEALTHCARE ECONOMICS

- Issues in the Indian Healthcare System
- Government Health Insurance Policy
- Moral Hazard and Cost Control in Medical Care
- Potential Healthcare Cost Control Solutions

Recommended Books:

- Hirschleifer J and A. Glazer (1997): Price Theory and Applications, Prentice Hall of India, New Delhi.
- Stigler, G (1996): Theory of Price, Prentice Hall of India, New Delhi.
- Arthur O Sullivan Micro Economics principles Applications and tools Pearson Publication. Delhi

- D.N.Dwivedi (2011) Micro Economics - Pearson Publication new Delhi.
- Sen, A.(1999): Micro Economics: Theory and Applications, Oxford University Press, New Delhi.
- Misra S.K. and V.K. Puri (2001): Advanced Microeconomic Theory, Himalay Publishing House, New Delhi.
- Kreps, David, M (1990): A Course in Microeconomic Theory, Princeton University Press.
- Rubinfeld Pindyck: Microeconomic Theory and application, 7th edition, Pearson Education New Delhi.
- Varian, Hal (1996): Intermediate Microeconomics, W.W. Norton and Company, New York.
- Hirschleifer J and A. Glazer (1997): Price Theory and Applications, Prentice Hall of India, New Delhi.
- Stigler, G (1996): Theory of Price, Prentice Hall of India, New Delhi.
- H.Gravelle and R.Rees (2007) Microeconomics Pearson Publication New Delhi
- James Gerber (2012) Microeconomics, Pearson Publication New Delhi
- Robert Pindyck, (2009) Microeconomics, Pearson Publication New Delhi
- Sen, A.(1999): Micro Economics: Theory and Applications, Oxford University Press, New Delhi.
- Misra S.K. and V.K. Puri (2001): Advanced Microeconomic Theory, Himalay Publishing House, New Delhi.
- Kreps, David, M (1990): A Course in Microeconomic Theory, Princeton University Press.
- Dominick Salvatore: Principles of Microeconomics, Oxford University Press 5th edition.
- William J. Baumol and Alan H. Blinder: Microeconomics-Principle and Policy, 9th edition.
- Thomson Waldman Jenhen: Industrial Organization, 3rd edition Pearson Education New Delhi.

M.A. Economics (2016-17)

Part-I Semester -II

ECO4202 Public Economics - II

(This course will have FOUR credits.)

Unit 1. Fiscal Policy (12 Lectures)

- 1.1 Objectives of Fiscal Policy, Interdependence of Fiscal and Monetary Policies
- 1.2 Fiscal Policy for Stabilization - Automatic vs. Discretionary Stabilization.
- 1.3 Budget – Meaning and Components. Preparation, Presentation and Execution of Budget.
- 1.4 Economic Classification of Budget.
- 1.5 Budget Deficits and Their Implications.
- 1.6 Balanced Budget Multiplier.

Unit 2 Indian Fiscal Federalism (13 Lectures)

- 2.1 Fiscal Federalism
 - Concept of Federal Finance
 - Principles of Federal Finance
 - The Salient Problems Federal Finance
 - Fiscal Imbalance : Vertical and Horizontal Imbalance
- 2.2 Fiscal Federalism in India;
 - Centre - State Financial relations
 - Major Problems in Centre State Financial Relation
 - Constitutional provisions; Finance Commission and Planning Commission
 - NITI Ayog.
- 2.3 Problems of States' Resources and Indebtedness
- 2.4 Transfer of resources from Union and States to Local Bodies.

Unit. 3 : Taxation (13 Lectures)

- 3.1 Introduction
 - Characteristics of a Good Tax System
 - Modern View of Sound Tax System
 - Masgraves View
- 3.2 Distribution of Tax Burden
 - Principle of Equity- Horizontal, vertical
 - The cost of Service Principle

- The Benefit Principle- Classical Version, Modern View (Voluntary Exchange Approach, Lindhal and Bowen Solutions)
- The Ability to Pay Approach
- The Concept of Optimal Taxation

3.3 Shifting and Incidence of Tax

- Theories of Tax System – Concentration Theory, Diffusion Theory and Demand and Supply Theory
- Fiscal Incidence and Its measurements : Masgraves Approach

3.4 Tax Reforms: Committee Recommendations

Unit. 4 International Fiscal Coordination

(10 Lectures)

- 4.1 Introduction to Tax Coordination
- 4.2 Coordination of Income and Profit Taxes
- 4.3 Coordination of Product Taxes
- 4.4 Expenditure Coordination
- 4.5 Coordination of Stabilization Policies

Reading List:-

- Hugh Dalton : Principles of Public Finance , 11th Impression Routledge publications
- C F Bastable : Public Finance, London: Macmillan and Co., Limited, 3rd Edition
- Ursula Hicks : Public Finance
- Shome, P. (Ed.) (1995), Tax Policy: Handbook, Tax Division, Fiscal Affairs Department, International Monetary Fund, Washington D.C.
- Tripathy R.N. Public Finance in Underdeveloped Countries.
- Rajesh K.Jha (2012) Public Finance. Pearson Publication New Delhi
- Dr. Joshi P.L. Zero Base Budgeting Technology in Government, Dhruv and Deep Books, Bombay.
- Dr.Tyagi B.P., Public Finance, Jai Prakash Nath Pub.Meerat (UP).
- Mithani D.M. Principles of Public Finance and Fiscal Policy Himalaya Publishing House, New Delhi.
- Ruddar Datt and K.P.M. Sundharam (2006), Indian Economy, S.C.Chand and Company Ltd, New Delhi.

- Ashutosh Raravikar, Fiscal Deficit and Inflation in India, Macmillan India Ltd. New Delhi
- Richard Masgrave and Peggy Masgrave Public Finance theory and Practice

M.A. Economics (2016-17)

Part-I Semester -II

Core Course

ECO4203 - International Economics and Finance - II

(This course will have FOUR credits.)

Chapter 1: Regional Trading Arrangements and Economic Integration & The International Trade Accounting: The Balance of Payments 10

- Regional Integration Versus Multilateralism
- Types of Regional Trading Arrangements
- Impetus for Regionalism
- Effects of a Regional Trading Arrangement
- The European Union
- Economic Costs and Benefits of a Common Currency: The European Monetary Union
- Transition Economies:
 - The Transition Toward a Market-Oriented Economy
 - Russia and the World Trade Organization
- The Multinational Enterprise
- Motives for Foreign Direct Investment
- Supplying Products to Foreign Buyers: Whether to Produce Domestically or Abroad
- Country Risk Analysis
- International Trade Theory and Multinational Enterprise
- International Joint Ventures
- Multinational Enterprises as a Source of Conflict
- International Labor Mobility: Migration

Chapter 2: The Balance of Payments and Foreign Exchange 10

- Double-Entry Accounting
- International Payments Process
- The Paradox of Capital Flows from Developing to Industrial Countries
- What Does a Current Account Deficit (Surplus) Mean?
- Balance of International Indebtedness
- Foreign-Exchange Market
- Types of Foreign-Exchange Transactions
- Interbank Trading
- Reading Foreign-Exchange Quotations
- Forward and Futures Markets
- Foreign-Currency Options
- Exchange-Rate Determination

- Indexes of the Foreign-Exchange Value of the Dollar: Nominal and Real Exchange Rates
- Arbitrage
- The Forward Market
- Exchange-Rate Risk: The Hazard of Investing Abroad
- Interest Arbitrage
- Foreign-Exchange Market Speculation

Chapter 3: Exchange-Rate Determination and Mechanisms of International Adjustment 4

- What Determines Exchange Rates?
- Determining Long-Term Exchange Rates
- Inflation Rates, Purchasing Power Parity, and Long-Term Exchange Rates
- Determining Short-Term Exchange Rates: The Asset-Market Approach
- International Comparisons of GDP: Purchasing Power Parity
- Price Adjustments
- Financial Flows and Interest-Rate Differentials
- Income Adjustments
- Disadvantages of Automatic Adjustment Mechanism
- Monetary Adjustments

CHAPTER 4 Exchange-Rate Adjustments and the Balance of Payments & Exchange-Rate Systems and Currency Crises 6

- Effects of Exchange-Rate Changes on Costs and Price
- Cost-Cutting Strategies of Manufacturers in Response to Currency Appreciation
- Will Currency Depreciation Reduce a Trade Deficit? The Elasticity Approach
- J-Curve Effect: Time Path of Depreciation
- Exchange Rate Pass-Through
- The Absorption Approach to Currency Depreciation
- The Monetary Approach to Currency Depreciation
- Exchange-Rate Practices
- Choosing an Exchange Rate System: Constraints Imposed by Free Capital Flows
- Fixed Exchange-Rate System
- Floating Exchange Rates
- Managed Floating Rates
- The Crawling Peg
- Currency Crises
- Capital Controls
- Increasing the Credibility of Fixed Exchange Rates

CHAPTER 5 Macroeconomic Policy in an Open Economy

4

- Economic Objectives of Nations
- Policy Instruments
- Aggregate Demand and Aggregate Supply: A Brief Review
- Monetary and Fiscal Policy Respond to Financial Turmoil in the Economy
- Monetary and Fiscal Policy in a Closed Economy
- Monetary and Fiscal Policy in an Open Economy
- Does Crowding Occur in an Open Economy?
- Macroeconomic Stability and the Current Account: Policy Agreement Versus Policy Conflict
- Inflation With Unemployment
- International Economic-Policy Coordination

CHAPTER 6 International Banking: Reserves, Debt, and Risk

6

- Nature of International Reserves
- Demand for International Reserves
- Supply of International Reserves
- Foreign Currencies
- Should SDRs Replace the Dollar as the World's Reserve Currency?
- Gold
- Special Drawing Rights
- Facilities for Borrowing Reserves
- International Lending Risk
- The Problem of International Debt
- Reducing Bank Exposure to Developing Nation Debt
- Debt Reduction and Debt Forgiveness
- The Eurodollar Market

References:

1. Heller, Robert H., NJ: International Monetary Economics Prentice Hall, Englewood Cliffs
2. Kindleberger, Charles P., D.B. International Economics, Taraporewala and Sons, Mumbai
3. Rugel, Thomas A. International Economics, McGraw Hill, New Delhi.
4. Ellsworth P.T. and Clark J. Leith, The International Economy New York Macmillan Publishing Co.
5. RBI, Report ON Currency and Finance (annual).

6. Gowda, Venkatagiri K., Eurodollar Flows and International Monetary Stability, Geetha Book House, Mysore.
7. Verghese, S.K., Foreign Exchange and Financing of Foreign Trade, Vikas Publishing House, New Delhi.
8. Heller, Robert, H., International Monetary Economics Prentice Hall, Cliffs.
9. Salvatore, Dominick, International Economics Macmillan, New York Publishing Co. New York

M.A. Economics (2016-17)
Part-I Semester -II
ECO4204 Statistical Techniques
(This course will have FOUR credits.)

Objective

1. To impart essential knowledge in probability, and statistics to train the students to be employable in various organizations specialising in insurance and finance.
2. To provide theoretical foundations that will motivate and prepare the students to take up theoretical and applied research in the field of actuarial science.
3. To enable the students to be fairly well prepared for taking up the NET Examination in Mathematical Sciences with specialisation in Statistics.
4. The course will also enable the students to appear for various examinations conducted by the actuarial societies in India and abroad and thus help them to pursue the actuarial profession.

Units :

1. Set and Probability Theory **(02 Lectures)**
2. Random Variables, Probability Mass/Density Function, Cumulative Distribution Function (Univariate Model) **(02 Lectures)**
3. Multiple Random Variables, Bivariate Distribution, Marginal Distribution, Conditional Distribution, Independence, Multivariate Distribution (Multivariate Model) **(04 Lectures)**
4. Expectation (Moments) **(04 Lectures)**
5. Random Variable and Random Vector Transformations (Univariate and Multivariate Models) **(04 Lectures)**
6. Special Distributions (Discrete and Continuous) **(04 Lectures)**
7. Random Sample, Law of Large Numbers, Central Limit Theorem **(04 Lectures)**
8. Probability: (uncertain world, perfect knowledge of the uncertainty) **(04 Lectures)**
9. Random variables, distributions, quantiles, mean variance **(04 Lectures)**
10. Conditional probability, Bayes' theorem, base rate fallacy **(04 Lectures)**
11. Joint distributions, covariance, correlation, independence **(04 Lectures)**
13. Point Estimators and Point Estimation Methods **(02 Lectures)**
14. Interval Estimation and Confidence Intervals **(04 Lectures)**
- 15 . Hypothesis Testing **(04 Lectures)**

Books for Study and References:

- Mode, E.B.: Elements of Statistics - Prentice Hall
- Wilks, S.S.: Elementary Statistical Analysis - Oxford and IBH
- Snedecor, G.W., & Cochran, W.G.: Statistical Methods, Oxford and IBH
- Simpson and Kafka: Basic Statistics
- Burr, I.W.: Applied Statistical Methods, Academic Press.
- Croxton, FE. and Cowden, D.J.: Applied General Statistics, Prentice Hall
- Ostleo, B.: Statistics in Research, Oxford & IBH.

M.A. Economics Part- I Semester II

ECO4205 Agricultural Economics

(This course will have FOUR credits.)

PREAMBLE - The objective of this course is to provide a detailed treatment of issues in agricultural economics to those intending to specialize in this area. Its objective is to familiarize students with policy issues that are relevant to Indian agricultural economics and enable them to analyze the issues, using basic economics concepts.

Unit-1 – Introduction. **(10)**

- 1.1 Place of Agriculture in Indian economy.
- 1.2 Trends .Agriculture Productivity
- 1.3 Agricultural Development under Five Year Plans.
- 1.4 Agricultural Management- Concept, Recent trends and Problems.

Unit - 2 Agriculture Labour And Efficiency **(08)**

- 2.1. Problems of Agriculture Labour.
- 2.2. Impact of Mechanization on Agriculture Labour.
- 2.3. Unemployment in Agriculture Labour.

Unit- 3 Agricultural credit. **(10)**

- 3.1 Financial needs of Indian Agriculture.
- 3.2 Co-operative Credit Structure.
- 3.3 Role of NABARD
- 3.4 Role of Commercial Banks.
- 3.5 Micro Finance --Meaning, Role, and Trends.
- 3.6 Issues of Agriculture Subsidies.
- 3.7 Crop loans and Crop insurance.

Unit - 4 Agriculture Marketing. **(10)**

- 4.1 Problems of Agriculture Marketing in India.
- 4.2 Agriculture -Marketing and Price System in India
- 4.3 Problems of Agriculture – Export- Imports.
- 4.4 Processing of Farm Products.
- 4.5 Agreements of WTO in Agriculture

Unite -5 Sustainable Agriculture And Agricultural Policy.

(10)

- 5.1 Bio Technology – Meaning and Trends
- 5.2 Organic Farming – Present status and Future.
- 5.3 Food Policy in India.
- 5.4 EXIM Policy and Agriculture.
- 5.5 Tourism and Agriculture.

Reference Books. :

- Datt R. & K.P.M Sundharm (2007) Indian Economy, S.Chand & Co.Ltd.Delhi.
- Misra S.K. & V.K.Puri (2007) Indian Economy – Himalaya Publication house Mumbai.
- Gopal Ji & SumanBhakari ‘Indian Economy (2012) Performance and Policies Pearson Publication Delhi
- Agrawal A.N. Indian Economy Problem of Development and Planning 06.
- Johnson P.A Development Issues of Indian Economy (2003) Manan Prakashan.
- Kapila Uma (ed) Indian Economy Since Independence, Academic Foundation (2003)
- Dewett Kewal : Indian Economy C.Chand & Co.Ltd, New Delhi 2005.
- B.N.P singh : Indian Economy Today Changing Contours. Deep and Deep pub. 05.
- Mamoria C.B.Agricultural Problems of India Kitab Mahal Pub. 2005.
- M.P.Singh- Indian Economy Today- Problems Planning and Development. (2004) Deep and Deep Publication.
- Singh Acharya, Sagar – Sustainable Agricultural Poverty and Food Securities (2002) Rawat Publication Jaypur Vol- I & II
- Ajit Singh and Tabatabai – Economic crisis and Third world Agriculture, Combries University Press.
- Gulati & Kelley – Trade Liberalization of Indian Agriculture, (1999), Oxerpert University press.
- C.S. Prasad – Sixty years of Indian Agriculture – New Delhi 2006.
- Hansra Parumal and Chandrakarn – Modernization of Indian Agriculture in 21st century challenges, opportunity and strategies, Concept Publication Co. New Delhi.
- Norten and Allwinding – The Introduction to Economic and Agricultural Development Mac Graw Hill Co. Publication, New Delhi.
- Wakatash – Development Agricultural Technology, Rawat Publications.

Fergusson College (Autonomous), Pune-4
M.A. Economics Part - I Semester II
ECO4206 Industrial Economics
(This course will have *FOUR* credits)

Preamble

The candidates are expected to understand the process of industrialization as a part of rapid economic development. Excepting a few references to the theoretical background the study aims at the analysis of the performance of the industrial economy of India on the backdrop of the contemporary development.

Lectures.
(08)

Unit No. 1. Introduction

- 1.1 Industrial economics - Meaning, scope, need and significance of the study
- 1.2 Industrial Structure - private sector, large, medium and small scale industries, cottage industries,
- 1.3 Industry and Economics Development
- 1.4 role, problems and future of public sector industries
- 1.5 Industrial Combinations- causes, mergers and amalgamations, industrial Monopoly control of monopolies
- 1.6 Industry and Sectoral linkages.

Unit No. 2. Theories of Industrial Location **(10)**

- 2.1 Factors influencing location of industries
- 2.2 Theories of Industrial location, Weber, Sargent Florence
- 2.3 Need for balanced regional development of industries.- role of SIDC's
- 2.4 Industrial pricing and market structure, Pricing in India

Unit No. 3. Industrial Productivity and efficiency **(10)**

- 3.1 Industrial Productivity- norms and measurement
- 3.2. Factors affecting productivity and capacity utilization
- 3.3. Importance of productivity in the competitive environment
- 3.4. Measures required for improving productivity and efficiency
- 3.5. Trends in India's industrial employment- Measures of generating industrial employment.
- 3.6 Disinvestment Policy

Unit No. 4. Industrial Finance **(10)**

- 4.1. Meaning, scope, importance of industrial finance
- 4.2. Sources of industrial finance- private, public and cooperative sector, shares, debentures, bonds, deposits, loans etc.
- 4.3. Foreign capital- need, government's policy, direct investment, foreign institutional investment,
- 4.4 Form of foreign Capital : Euro issues, GDR, ADR, External commercial borrowings

Unit No. 5. Indian Industrial Growth

(10)

- 5.1 Industrial policy : Trends in industrial growth since 1991
- 5.2 Industry and sectoral linkages.
- 5.3 Performance and problems of Micro, Small, Medium Enterprises
- 5.4 Role of MNC's in India
- 5.5 Problems of regional imbalance and industrial growth in India
- 5.6 Emerging global competition and Indian industry.

Basic Reading List

- Ahluwalia I.J. [1985], '*Industrial Growth in India*,' Oxford University Press, New Delhi.
- P.R.N.Sinha Indu Bala Sinha (2010) Industrial Relation Trade Unions and Labour Legislation Pearson Publication. New Delhi
- Barthwal R.R. [1985], '*Industrial Economics*,' Wiley Eastern Ltd., New Delhi.
- Cherunilam, F.[1994], '*Industrial Economics: Indian Perspective*,' Himalaya Publishing House, Mumbai.
- Desai, B. [1999], '*Industrial Economics in India*,' Himalaya Publishing House, Mumbai.
- Divine, P.J. and R.M. Jones et.al.[1976], '*An Introduction to Industrial Economics*,' George, Allen and Unwin Ltd., London.
- Government of India, Annual *Economic Survey*.
- Hay, D. and D.J. Morris[1979], '*Industrial Economics, Theory and Evidence*.' Oxford University Press, New Delhi.
- Kuchhal, S.C. [1980], '*Industrial Economy of India*,' Chaitanya Publishing House, Allahabad.
- Reserve Bank of India, Annual *Report on Currency and Finance*.
- Singh, A. A.N. Sandhu.[1988], '*Industrial Economics*,' Himalaya Publishing, House, Mumbai.
- R.R.Barthwal [1992], *Industrial Economics*,Wiley Eastern Limited.