

**SARDAR PATEL UNIVERSITY
VALLABH VIDYANAGAR**



**SYLLABUS EFFECTIVE FROM: 2017-18
MASTER OF ARTS (ECONOMICS)**

Semester –II

Core Courses

Paper Code: PA02CECO21

Title of Paper: Micro Economics

Total Credit: 5

Unit	Description in Detail	Weightage (%)
1.	Cost and Revenue Analysis- Cost concepts; short-run and long run cost - Distinction and relations between different cost curves and their analysis; U and L shapes of average cost curves; Revenue analysis-Concepts of revenues, Relation between AR & MR Curves, equilibrium analysis – Total cost and total revenue approach, marginal cost and marginal revenue approach, Recent Development	20
2.	Market Equilibrium - Perfect competition- Time element and price determination, equilibrium of the firm- Total Revenue and Total Cost Approach, Marginal Cost and Marginal Revenue Approach, Shut-down Point; Monopoly- Equilibrium of the Firm- Total Revenue and Total Cost Approach, Marginal Cost and Marginal Revenue Approach, Discriminating Monopoly, Form and Degrees of Price Discrimination, Social Desirability of Price Discrimination, Equilibrium under Price Discrimination, Dumping; Monopolistic competition – Equilibrium of a Firm- Marginal Cost and Marginal Revenue Approach, Chamberlin's Approach, Selling Cost and Advertising, Excess Capacity	30
3.	Oligopoly & Duopoly- Kinked Demand Curve, Collusive Oligopoly- Cartels, Price Leadership, Cournot's and Edgeworth's Models of Duopoly; Theory of Game- Two Person zero-sum Game and Two Person non zero-sum Game, Nash equilibrium, Prisoners' Dilemma.	30
4.	Welfare economics – Pareto Optimality Criterion of Social Welfare; Kaldor-Hicks compensation Criterion; Scitovsky Paradox, Bergson-Samuelsson social welfare, The theory of second best	20

References

- (1) Ahuja H.L., Advanced economic theory – Microeconomic Analysis, S.Chand and company, New Delhi.
- (2) Chopra P.N., Micro economic theory and welfare economics, Kalyani Publishers, New Delhi.
- (3) Deweet K.K., Modern economic theory, S.Chand and Company, New Delhi.
- (4) Hirshleifr J. and Glazer A., Price theory and applications, Prentice Hall, New Delhi.
- (5) Jhingan M.L.; Advanced Economic Theory, Vrinda Publications, Delhi

- (6) Koutsoyiannis A., Modern Microeconomics, Macmillan press, London.
- (7) Mishra and Puri; Microeconomics Theory and Applications, Himalaya Publishing House.
- (8) Prasad K.N., Lectures on micro-economic theory, Himalaya publishing house.
- (9) Sen Anindya., Microeconomics-Theory and applications, Oxford University press, New Delhi.
- (10) Seth M.L., Principles of Economics (Micro and Macroeconomics) Lakshmi Narain Agrawas, Agra.
- (11) Stigler., Theory of price,Prentice hall, New Delhi.
- (12) Stonier A and Hague D., A Textbook of Economic theory, Longman group, London.
- (13) Sundharam K.P.M. and Sundharam E.N., Economic Analysis, S. Chand and sons, New Delhi.
- (14) Samuelson, Economics, Tata Mcgraw Hill, New Delhi

Unit	Description in Detail	Weightage (%)
1.	Consumption Function: Concept: Properties of consumption function- Keynesian Psychological Law of Consumption and its validity- The functional relationship between income and consumption- Short and long run aspects- Post-Keynesian consumption function hypotheses: Duesenberry's demonstration effect Friedman's permanent income hypothesis, Modigliani's life cycle theory- multiplier: Meaning, working and importance- Leakages- Balanced budget multiplier-Multiplier in the under developed countries.	20
2.	Theory of Interest: Interest rates and price expectations- Nominal and real interest rates- Inflationary expectations and Interest rates- Theories of Interest rates: Classical, Neo-Classical, Keynesian and modern IS-LM theory of rate of interest by Hicks and Hansen and its implications- Structure of rate of interest- Asset prices and interest rates- Term structure- Income, saving and investment and rate of interest- Policy of administered interest rates- Deregulation of interest rates.	25
3.	Theory of Inflation: Concept- Sources of inflationary pressure: Demand-pull, Cost-push factors, Sectoral demand shift- International aspect of inflation- Ratchet inflation- Inflation in less developed countries- Inflationary gap- Inflation and distribution of income-Stagflation- Control of inflation: Income policy, demand restriction, monetary policy, fiscal policy- Philips curve analysis: Relationship between unemployment and inflation- Samuleson and Solow: The natural rate of Unemployment hypothesis, Tobin's modified Philips curve.	25
4.	Monetary Policy: The theory of monetary policy: Meaning, instruments, indicators and targets of monetary policy- External versus internal stability- Neutral money policy- Monetary policy and full employment- Cheap money policy- International banking and monetary policy- Constant money supply approach- Long-term objectives of monetary policy- Limitations of monetary policy- Rules versus discretion (Friedman's views)- Money and business cycles- Role of monetary policy in liberalization and market economy- Monetary policy of the Reserve Bank of India (RBI). Monetary Equilibrium: Concept - Walras' theory of general equilibrium- Patinkin's reformulation of theory Classical dichotomy.	30

References:

1. Ackley, G (1978). Macroeconomics: Theory and Policy, MacMillan, New York
2. Dornbusch, R. and F. Stanley (1997). Macroeconomics, McGraw-Hill Inc, New York.
3. Frisch, H. (1983). Theories of Inflation, Cambridge University Press,
4. Ghosh, B.N., and Rama Ghosh (1993). Modern Macroeconomics: Theory and Policy, Himalaya Publishing.
5. Gupta, S.B: (1995). Monetary Planning in India, Oxford University Press, New Delhi.
6. Gupta, G.S. (2001). Macroeconomics: Theory and Applications, Tata McGraw-Hill publishing Company Ltd., New Delhi.

7. Gurley J. and E.S. Shaw (1960). Money in a Theory and Finance, Brookings Institution, Washington.
8. Hall, R.E. and J.B. Taylor (1986). Macroeconomics, McGraw-Hill Inc. New York.
9. Jha, R. (1991). Contemporary Macroeconomic Theory and Policy, Wiley Eastern Ltd. New Delhi.
10. Laidler, D.E.W. (1977). Demand for Money, Theory and Evidence, Dum-Don Valley, New York.
11. Leijonhufwud, A. (1968). On Keynesian Economics and Economics of Keynes, Oxford University Press, London.
12. Mankiw, N.G. and D. Romer (Eds.) (1991). New Keynesian Economics, 2 Vols. MIT Press, Cambridge, Massachuttes, USA.
13. Mueller, M.G. (1966). Reading in Macroeconomics, Holt Rinehart & Winston, N.Y.
14. Patinkin, D. (1965). Money, Interest and Prices, Harper & Row, New York.
15. Lucas, R. (1981). Studies in Business Cycle Theory, MIT Press, Cambridge, Massachuttes, USA.
16. Taylor, L. (1983). Structuralist Macroeconomics, Basic Books, New Longman.

Unit	Description in Detail	Weightage (%)
1.	Concept of Inter -regional and International Trade –Differences and similarities Adam Smith and the absolute advantage of theory – David Ricardo and the theory of comparative advantage – trade equilibrium under constant, increasing and decreasing cost conditions – Haberler’s theory of opportunity cost	25
2.	Heckscher Ohlin Trade model – Empirical testing of Hecksher Ohlin model and the Leontief Paradox- the Stolper-Samuelson Theorem – the Rybczynski Theorem	25
3.	International capital movements: Types, Factors influencing international capital movements-portfolio and direct investment-the transfer problem-the theory of direct investment	25
4.	International Monetary Fund – Objectives, functions, structure of IMF - Special Drawing Rights (SDRs) UNCTAD – Functions, objectives and achievements – New International Economic Order (NIEO)	25

References:

1. Bo Sodersten International Economics
2. C. P. Kindleberger International Economics
3. R. A. Mundell International Economics
4. P. T. Ellsworth The International Economy
5. Caves & Johnson Readings in International Economics
6. S. D. Wells International Economics
7. Ray & Kundu International Economics
8. Klaus Friedrich International Economics
9. M. A. Van Meerhaeghe International Economics
10. W. M. Scammell International Monetary Policy Bretton Woods & After
11. R. M. Stern The Balance of Payments theory and Economic Policy
12. G. Haberler The Theory of International Trade
13. M. C. Kemp The Pure theory of International Trade
14. H. S. Ellis & L. M. Metzler Readings in the theory of International Trade
15. B. Ohlin Interregional and International Trade
16. J. Viner Readings in the Theory of International Trade
17. P. A. Samuelson International Trade and the Equalisation of factors prices. Economic Journal, June 1948.
18. J. Bhagwati The Pure theory of International Trade, Economic Journal Vol. 74 March, 1964.
19. J.E. Meade The theory of International Economic Policy- II.
20. R.D. Gupta International Liquidity
21. Om Prakash (ed) International Monetary Development

Elective course 1
(Any One)

Paper Code: PA02EECO21

Title of Paper: Theory of Agricultural Economics

Total Credit: 5

Unit	Description in Detail	Weightage (%)
1.	Land reforms in India – Tenancy reforms, Ceiling of land holdings, Implementation of land reforms and their impact Agricultural Labour – classification, conditions, causes of growth of agricultural labour- demand for and supply of labour	25
2.	Basic agricultural inputs – HYV seeds, fertilizers, irrigation, subsidy, Mechanization of Indian agriculture- arguments in favor and against Sources of agricultural finance – money lenders, co-operative credit societies in India – Agricultural credit institutions – NABARD, Regional rural banks, RBI	25
3.	Agricultural price policy –objectives, main features of agricultural price policy in India- main instruments of price policy – Public Distribution System (PDS), buffer stock, Food Corporation of India (FCI), Minimum Support Price (MSP) – Effects, shortcomings of price policy in India	30
4.	Production function –increasing and decreasing production function Factor-product relationship, factor-factor relationship, product-product relationship – isoquant and isocosts – rational and irrational stage – expansion path	20

References :

1. E. O. Heady: 'The Economics of Agricultural Production and Resource use'.
2. C. E. Bishop & W.D. Tonssaint: 'Introduction to Agricultural Economic Analysis'.
3. E. O. Heady & H. R Jensen: 'Farm Management Economics.'
4. M. L. Dantwala : Principles and Problems: Agricultural Price Distribution Technical Address, Annual Conference, December, 1965 – Society of Agricultural Research.
5. The Seminar on Foodgrains Bufferstocks: Indian Society of Agricultural Economics, Bombay.
6. G. S. Shepherd: 'Agricultural Price Analysis'.

Unit	Description in Detail	Weightage (%)
1.	Economic Instruments of Environmental Policy and Informal Environmental Regulation, Command and Control measures (CAC), regulatory measures and market based instruments (MBI), Pigouvian taxes and subsidies for mitigating externalities, marketable pollution permits, carbon credit trading system, mixed instruments, Coasian bargaining solution and collective action. Informal environmental regulation and conservation, environmental institutions and grass root movements, monitoring and enforcement of environmental regulations	30
2.	Economics of Natural Resource Use Types of natural resources, theories of optimal use of exhaustible and renewable natural resources	20
3.	Theories of Common Property Resources (CPR) Management and use Theories of Common Property Resources Management (CPRM), Olson, Oakeron, market equilibrium, Buchanan & Tullock, Game Theory Approach, Elinor Ostrum.	30
4.	Environmental Laws Environmental laws in India, critical evaluation of environmental regulation in India, causes for concern, selected case studies	20

Basic Reading List

- 1 Singh, Katar (1994). *Managing Common Pool Resources: Principles and Case Studies*, Oxford University Press.
- 2 Field, Barry C. and Martha Field (2002). *Environmental Economics: An Introduction* (3rd ed.). McGraw-Hill Irwin.
- 3 GoI (1999). *Economic Survey-1998-99: Promoting Sustainable Development: Challenges for Environment Policy*, New Delhi.
- 4 Pachauri, R.K. and P.V. Sridhar (Eds.) (1998). *Looking Back to Think Ahead*, Tata Energy Research Institute (TERI), New Delhi.
- 5 Shastri, S.C. (2002). *Environmental Law*, Eastern Book Co., Lucknow.
- 6 Tietenberg, Tom (2001). *Environmental Economics and Policy*, Addison-Wesley.
- 7 Brandon, C., K. Hommann and N.M. Kishor (1995). *The Cost of Inaction: Valuing the Economy-wide Costs of Environmental Degradation in India*. Paper presented at the UNU Conference on the 'Sustainable Future of the Global System', organised by the United Nations University/Institute of Advanced Studies, National Institute for Environmental Studies, Tokyo, Japan, Oct. 16-18.
8. Khakhhar, K.K., " *Paryavaraniya Arthashastrana Payana Siddhanto*", (2004), Adarsh Printing Press, Rajkot.

**Elective Course 2
(Any One)**

Paper Code: PA02EECO23

Title of Paper: Economics of Rural Development

Total Credit: 5

Unit	Description in Detail	Weightage (%)
1.	Rural Development: - Nature and scope – Importance and objectives of Rural Development, Role of NGO.- Rural Economy of India: size and structure of Rural Economy - The characteristics of the Rural Sector - Role of Agricultural and Allied Sector- Role of the Non-Agricultural sub-sector – Nature of changes since Independence - Challenges and opportunities.	25
2.	Measures of Development: Measures of the level of Rural Development - Measures of Distribution of Income - Measures of Development simplified -Some Measures of Rural Poverty.	15
3.	Some Paradigms of Rural Development: Introduction - The Modernization Theory - Rosenstein - Rodan's Theory of the 'Big Push' - Leibenstein's critical minimum Effort Thesis - Lewis Model of Economic Development with unlimited supply of Labor force - Gunnar Myrdal’s Thesis of Spread and Back ward Effects - The Human Capital model of Development -Gandhian Model of Rural Development - Development theories from other social sciences.	25
4.	Determinants of Rural Development: Change in Output - Changes in the Utilization of Natural Resources – Employment, Capital, Technology and Industrial framework Approaches to Rural Development: C.D. Program - Intensive Agricultural Districts Program - S.F.D.A. and MF.A.L.A.- D.P.A.P. - D.D.P. - I.R.D.P., D.W.C.R.A. MGNREGA, Self help groups in Rural Development, other programmes for Rural Development.	35

References

- 1 Katar Singh (1999), "Rural Development - principles policies and Management" Sage Publications, New Delhi.
2. I. Satyasundaram (1999) "Rural Development" Himalaya Publishing House, New Delhi.
- 3 Bhalla. G. S. (1994) "Economic Liberalization and Indian Agriculture" (Ed) Institute for Studies in Industrial Development, New Delhi.
4. John Mellor and Gunvant Desai (1986) "Agricultural Change and Rural Poverty", Oxford University Press, Bombay.
5. NABARD (1999) "Review of working of Regional Rural Banks", Mumbai.
6. Ministry of Rural area and Employment "Programs for Change" GoI, New Delhi.
7. Plan Documents, GoI, New Delhi.

