

**UNIVERSITY OF PUNE**  
**Board of Studies in Economics**  
**REVISED SYLLABUS**

**For**

**M.A. Part II (Credit system)**

**(Course to be started from June 2014)**

**The students will have *THREE* Core courses and will have to select *ONE* Non-Core course in each of the two semesters, in M.A. Part II. There will be *Four* courses in each of the two semesters for M.A.**

M.A. Part II Semester III		M.A. Part II Semester IV	
Core Courses		Core Courses	
EC-3001	Macro Economics I	EC-4001	Macro Economics II
EC-3002	Growth & Development I	EC-4002	Growth & Development II
EC-3003	Modern Banking	EC-4003	Research Methodology
Non- Core Courses (Any one course to be selected)		Non- Core Courses (Any one course to be selected)	
EC-3004	Demography	EC-4004	Rural Development
EC-3005	World Economy	EC-4005	Economics of Environment
EC-3006	Economics of Finance	EC-4006	Econometrics

**M.A. Economics Revised Syllabus Committee.**

Sr,no	Name	Designation
1	Dr. Suhas Avhad	Chairman
2	Dr. Dangat N.R.	Coordinator
3	Dr. Jadhavar R.D	Member
4	Dr. Sahni Rohini	Member
5	Dr. Dastane Santosh	Member
6	Dr. Matkar S.C	Member
7	Dr. Satam Madhu	Member
8	Dr. Musmade Manjusha	Member
9	Dr. Malika Misri	Member
10	Dr. Ushir D. G.	Member

**UNIVERSITY OF PUNE**

**M.A. ECONOMICS PART – II**

**Semester – III**

**UNIVERSITY OF PUNE**  
**M.A. ECONOMICS (PART –II) Semester – III**  
**EC-3001 Macro Economics I**  
**Core Course - (CREDIT SYSTEM)**  
**(This course will have *FOUR* credits. )**  
**(From June 2014)**

**PREAMBLE**

Macroeconomics or aggregative economics analyses and establishes the functional relationship between the large aggregates. The aggregate analysis has assumed such a great significance in recent times that a prior understanding of macroeconomic theoretical structure is considered essential for the proper comprehension of the different issues and policies. Macroeconomics is not only a scientific method of analysis; but also a body of empirical economic knowledge. The paper entitled “Macro Economic Analysis” equips the students at the postgraduate level to understand systemic facts and latest theoretical developments for empirical analysis.

- 1. National Income** **15**
- 1.1 Gross Domestic Product, Gross National Product, Net Domestic Product
  - 1.2 Nominal and Real domestic product. Price Indexes and GDP deflator.
  - 1.3 Concept of disposable Income and Relationships between Income & consumption,
  - 1.4 Saving, Investment, Government Expenditure, Taxes, Imports & Exports.
  - 1.5 National Accounts Statistics-system of national income accounting
- 2: Aggregate Supply & Aggregate Demand** **15**
- 2.1 Difference between Potential Output and Actual Output- Classical Approach
  - 2.2 Determination of output and employment Effects of change in Aggregate Demand and Supply Curves - Classical Approach
  - 2.3 Keynesian approach, Determination of Equilibrium of Aggregate Demand and Supply
  - 2.4 Keynesian approach-neutrality of money Multiplier Effect
  - 2.5 Multiplier effect with inclusion of Government sector. (Automatic stabilizers, balanced budget multiplier)
- 3. Brief structure of IS-LM Model** **15**
- 3.1 Derivation of IS curve and LM curve
  - 3.2 Equilibrium in the Goods and Assets under fixed and flexible prices
  - 3.3 Derivation of aggregate demand schedule Monetary and Fiscal policy-The transmission Mechanism-Liquidity Trap

3.4 Fiscal policy and crowding out effect, Optimum Policy mix with IS-LM model.

#### 4. New Classical Macroeconomics & Open Economy Issues 15

4.1 Consumption and saving, Life cycle hypothesis, Permanent income hypothesis.

4.2 Investment spending, Marginal productivity of capital, Concept of accelerator and super Multiplier.

4.3 The Real Business cycle Theory

4.4 The Rational expectations Revolution New Classical Macroeconomics: Perfect Information Rational Expectations

4.5 Lucas critique- Imperfect information and asymmetric information

4.6 Open Economy IS-LM-BPo's, the Mundell-Fleming Model Stabilization, Macroeconomic policy and exchange rate regimes

#### **Suggested Reading:**

- Glahe, Fred, R (1973), Macroeconomics: Theory and Policy, Harcourt Brace Jovanovich, Inc, New York.
- Mckinen, G.E. (1978), Money, The Price Level and Interest Rates, Prentice Hall of India, New Delhi.
- Jha, R. (1991), Contemporary Macroeconomic Theory and Policy, Wiley Eastern Ltd., New Delhi. Economics 81
- Branson, W.A. (1989), Macroeconomic Theory and Policy, (3rd Edition), Harper and Row, New York.
- Ackley, G. , Macroeconomics : Theory and Policy, Macmillan, New York.
- Agarwal Vanita Macroeconomics Theory and policy Person Publication, New Delhi.
- D'souza Errol (2008) Macroeconomics : Person Publication, New Delhi.
- National Accounts Statistics-NAS Measures, Concepts of National Accounts Statistics.
- Heijdra, B.J. and V.P. Fredericck (2001), Foundations of Modern Macroeconomics, Oxford University Press, New Delhi
- Lucas, R. (1981), Studies in Business Cycle Theory, M.I.T. Press, Cambridge, Massachusetts
- Romer, D.L. (1996), Advanced Macroeconomics, McGraw Hill Company Ltd., New York.
- Shapiro, E. (1996), Macroeconomic Analysis, Galgotia Publications, New Delhi.
- Surrey, M.J.C. (Ed.) (1976), Macroeconomic Themes, Oxford University Press, Oxford
- <http://www.journals.elsevier.com/journal-of-macroeconomics/>
- <http://onlinelibrary.wiley.com>
- <http://www.ccsenet.org>
- <http://journals.cambridge.org>
- <http://www.oxfordjournals.org>
- <http://www.economist.com>
- <http://www.macrobasics.com>
- <http://econ.worldbank.org>

**University of Pune**  
**M.A Economics Part II Semester III**  
**EC-3002 Growth and Development – I**  
**Core Course CREDIT SYSTEM**  
**(This course will have *FOUR* credits. )**  
**(From June 2014)**

**Preamble:**

Growth and Development is one of the most important areas of economic exploration in the last 50-60 years. Although relatively recent in origin this subject occupies a significant position in economic theory and practice. India being a developing country, this subject becomes extremely relevant for both teachers and students. The syllabus of Semester III includes the evolution of growth models as well as important concepts such as poverty, inequality and population dynamics in the context of developing countries.

<b>1. Development and Underdevelopment: An Overview</b>	<b>20</b>
1.1 Concepts of growth and Development	
1.2 Problems in defining economic development	
1.3 Characteristics of LDCs – structural view of underdevelopment	
1.4 The world distribution of income and Development gap	
1.5 Per capita income as an index of development	
1.6 Difficulties of measurement and comparability in the calculation of per capita according to exchange rate and PPP	
1.7 Alternative measures of development gap – HDI	
<b>2 Poverty and inequality</b>	<b>10</b>
2.1 Defining poverty and problems of measurement	
2.2 Income distribution - Income inequality, measurements of inequality, understanding inequality in developed and underdeveloped worlds	
2.3 Impact of inequality on the process of development.	
2.4 Contemporary debater on poverty in India	
<b>3 Theories of Economic Growth and Development:</b>	<b>15</b>
3.1. The Harrod Domar growth model and its application to LCD's	
3.2 Solow model of economic growth	
3.3 the Cobb Douglas Production Function	
3.4 marx Schumpeter Gerschenkron – surplus labour	
3.5 Big push (Rosenstein–Rodan) –	
3.6 Balanced growth : (Nurkse) & Unbalanced growth (Hirschman)	
3.7 The process of cumulative causation (Myrdal)	
3.8. The centre and periphery hypothesis – the dependency school	
<b>4 Population growth and economic development</b>	<b>15</b>

- 4.1 Population– the theory of demographic transition
- 4.2 Age structures of population and Sex ratio
- 4.3 Migration – Rural and Urban migrations
- 4.4 The Harris – Todaro Model
- 4.5 Problems of urbanization - Employment markets formal, informal
- 4.6 Formal and informal employments – wage rates

**Suggested reading:**

- Behrman, S. and T.N. Srinivasan (1995), Handbook of Development Economics, Vol. 3, Elsevier, Amsterdam.
- Thirwal, A.P. (1999), (6th Edition), Growth and Development, Macmillan, U.K.
- Brown, M. (1966), On the Theory and Measurement of Technical Change, Cambridge University Press, Cambridge, Mass.
- Chenery, H. and T.N. Srinivasan (Eds.) (1989), Handbook of Development Economics, Vols.1 & 2, Elsevier, Amsterdam.
- Dasgupta, P. (1993), An Enquiry into Well-being and Destitution, Clarendon Press, Oxford.
- Gillis, M., D.H. Perkins, M. Romer and D.R. Snodgrass (1992), Economics of Development,(3rd Edition), W.W. Norton, New York.
- Kindleberger, C.P. (1977), Economic Development, (3rd Edition), McGraw Hill, New York.Economics
- Meier, G.M. (1995), Leading Issues in Economic Development, (6th Edition), Oxford University Press, New Delhi.
- Todaro, M.P. (1996), (6th Edition), Economic Development, Longman, London.
- Meier G.M. leading Issues in Development Economics

**University of Pune**  
**M.A Economics Part II Semester III**  
**EC-3003 Modern Banking**  
**Core course**  
**(This course will have *FOUR* credits.)**  
**(From June 2014)**

**Preamble-**

The course intends to make students aware about the changing scenario of the modern banking role, structure, performance and the current problems faced by the banking sector in India and also in the world. It also tries to throw light on the future prospects and role of modern banking sector at the global level. Students are supposed to study the current affairs and events happening in the money market and capital market at the national and international level.

- 1. Introduction- 15**
- 1.1 Nature, structure and role of financial system in economic development.
  - 1.2 Functions of financial system
  - 1.3 Theories of financial development-Credit Creation Theory, Financial Regulation and Financial Liberalization Theory.
  - 1.4 Investment policy of a bank- liquidity, safety and profitability.
  - 1.5 Balance sheet of a commercial bank.
- 2. Modern Banking in India- 20**
- 2.1 Evolution, role and functions of modern banks in India
  - 2.2 Money market and capital market
  - 2.3 Changing trends in banking sector since 1991.
  - 2.4 Comments on the present status of cooperative banks, RRB
  - 2.5 Foreign banks in India and their impact on Indian banking sector
  - 2.6. Provisions of the Banking Regulation Act
  - 2.7 Progress and present status of E-Banking in India
  - 2..8 Current challenges faced by banking sector- Mergers and amalgamations, Consolidations, Financial Inclusion, NPA.
- 3. Non-banking Financial Institutions in India- 10**
- 3.1 Nature, types and significance of NBFIs in India
  - 3.2 Performance of the NBFIs in the public, private and foreign collaboration sector – LIC, GIC, Provident Fund, Small Savings, Mutual Funds, Pension fund
- 4. International Financial Markets- 15**
- 4.1 Nature and role of foreign exchange market,
  - 4.2 Recent trends in the exchange rates and its impact on Indian economy
  - 4.3 Forms of foreign capital – Foreign Direct Investment [FDI], Pros and cons for FDI in India,

4.4 Regulation of foreign investments – Foreign Investments Promotion Board

4.5 Working and role of IMF, IBRD, IDA, IFC

4.6 Role of Euro-Dollar and Euro currency markets

4.7 Global Financial Crisis 2008- Its causes and impact on developing and developed economies.

### **List of Prescribed Books**

- Bhole, L. M. [2000]’ Indian Financial System,’ Chugh Publications, Allahabad.
- Bhole, L. M. [2012]. ’Financial Institutions and Markets,’ Tata McGraw Hill Co. Ltd. New Delhi.
- Pathak, Bharati.[2009]’The Indian Financial System, ’Pearson Education Publication, New Delhi.
- Harker, P.T. and S. A. Zenios.[2000]Ed. ’Performance of Financial Institutions, CUP, UK.
- Prasad, K.N.[2001] ’Development of India’s Financial System,’ Sarup and Sons, New Delhi.
- D. Muralidharan.[2009]’Modern Banking Theory and Practice,’ PHI Learning Pvt. Ltd. New Delhi.
- Sharma, K.C.[2007]’Modern Banking in India,’ Deep and Deep Pub. New Delhi.
- Uppal,R.K. [2009]’ Modern Banking in India – Dimensions and Risk’ New Century Pub. New Delhi.
- Shiller, Robert J.[2008] ’The Sub-Prime Solutions- How Today’s Global Financial Crisis happened and what to do about it.’
- International Banking’ Ed. MacMillan Pvt. Ltd. 2011. Indian Institution of Banking and Finance, New Delhi.

### **Other Readings-**

- RBI Annual Reports and web site
- Reports on Currency and Finance
- Basel Committee Report on Banking Supervision, 2001.
- RBI Bulletins, Economic and Political Weekly issues, Prajnan [NIBM], Daily the Economic Times etc.

**University of Pune**  
**M.A Economics Part II Semester III**  
**EC- 3004 DEMOGRAPHY**  
Non- Core Courses- (CREDIT SYSTEM)  
**(This course will have *FOUR* credits. )**  
**(From June 2014)**

The main objective of this paper is to make the students aware of the importance of population in economic development and the various theories that explain the growth of population in a country. The paper also enlightens the students on the quantitative and the qualitative aspects and characteristics of the population through various demographic techniques. In recent times, gender characteristics of the population have acquired importance and these have also been included in the framework of study. Migration and urbanization are the characteristics of structural change taking place in a society. Their study is essential to understand the dynamics of this change. The paper exposes the students to sources of population and related characteristics and also to the rationale, need and evolution of population policy.

1. **Demography** 15
  - 1.1 Demography : Nature and Scope
  - 1.2 Development of population studies in India- relationship with other disciplines
  - 1.3 Sample surveys dual report system
  - 1.4 World population growth and distribution
  - 1.5 Population growth in developed and developing countries
2. **Population theories** 15
  - 2.1 Malthusian theory
  - 2.2 Classical and Neo-classical schools of thought –
  - 2.3 Optimum population theory
  - 2.4 Biological theories.
  - 2.5. Theory of demographic transition
3. **Population structure and characteristics** 15
  - 3.1 Census- growth rate and population - Sex ratio in India – factors affecting sex ratio , age structure
  - 3.2 Meaning and measures of Mortality – infant mortality – child mortality - causes of death.
  - 3.3 Fertility Meaning – factors affecting fertility - social and cultural factors

3.4 Proximate determinants of fertility - measures of fertility (GFR - ASFR - TFR - GRR - NRR - Child-woman ratio) –Methods of contraception - levels and trends in fertility in India - factors related to high fertility in India – fertility differentials in India

3.5 Migration, Meaning - differentials in migration – internal migration in India.

#### 4. Population distribution

15

4.1 Population distribution by geographic areas - measures – density of population - factors affecting population distribution –world population distribution – population distribution in India - urban-rural distribution of population – measures of urbanization – levels and trends of urbanization in India

4.2 Labour force Meaning – economically active population - measures of labour force participation - trends and levels of labour-force participation in India

4.3 India's Population Policy - National Population policy 2000

#### Reading List

- Bhende, Asha A. and Tara Kanitkar (2013) *Principles of Population Studies*, Himalaya Publishing House, Mumbai
- *National Family Health Survey-1 (1992-93), -11 (1998-99), -111 (2004-2005)*, ( reports for India and different states of India) Government of India and International Institute for Population Sciences, Mumbai
- Davis K. (1968), *Population of India and Pakistan*, Russell and Russell, New York
- *Family Welfare Programme in India, Year Book 2012*, Government of India, New Delhi
- *National Population Policy 2000*, Government of India, New Delhi
- Agarwala S.N. (1972), *India's Population Problem*, Tata McGraw-Hill Co., Bombay.
- Bose, A. (1996), *India's Basic Demographic Statistics*, B.R. Publishing Corporation, New Delhi
- Bogue, D.J. (1971), *Principles of Demography*, John Wiley, New York
- Chenery H. and T.N. Srinivasan (Eds.) (1989), *Hand Book of Development Economics*, Vol.1 & 2 Elsevier, Amsterdam.
- Choubey, P.K. (2000), *Population Policy in India*, Kanishka Publications, New Delhi.

- Gulati, S.C. (1988), *Fertility in India: An Econometric Study of a Metropolis*, Sage, New Delhi. Economics
- Simon, J.L. (1992), *Population and Development in Poor Countries*, Princeton University Press.
- Srinivasan, K. (1998), *Basic Demographic Techniques and Applications*, Sage, New Delhi
- Srinivasan, K. and A. Shariff (1998), *India: Towards Population and Demographic Goals*, Oxford University Press, New Delhi
- Different publications based on Census of India 2011 published by Census Commissioner and Registrar General of India, New Delhi
- United Nations (1973) *Determinants and Consequences of Population Trends* Vol. I, New York

**UNIVERSITY OF PUNE**  
**MA ECONOMICS- PART II Semester III**  
**EC 3005 - WORLD ECONOMY**  
**Non- Core Courses**  
**(CREDIT SYSTEM)**  
**(This course will have *FOUR* credits. )**  
**From June 2014**

**PREAMBLE**

The world economy, or global economy, generally refers to the economy which is based on economies of all of the world's national economies. Also global economy can be seen as the economy of global society and national economies – as economies of local societies, making the global one. The course on World Economic Analysis is to be studied to analyse common issues faced by the world e. g. world recession, inflationary trends, impact of fluctuating prices of crude oil, gold etc. The study is country-based; i.e. the role of developed economies such as USA or Europe etc. and the functioning of institutions like ASEAN, SAARC, and Euro Zone etc. The students are expected to analyse from the viewpoint from the Indian economy, i.e. study these issues/problems/institutions in the light of India's development efforts.

- 1. Introduction to Global Economy** **10**
  - 1.1 Meaning of Global Economy and its History
  - 1.2 Structure and Components of Global Economy
  - 1.3 Role of MNC's in World Economic Development
  - 1.4 Effects of Globalization on Indian Economy
- 2. Regional Trade Blocs in the developed and developing economies** **20**

Objectives and Role of:

  - 2.1 OECD - Organization for Economic Cooperation and Development
  - 2.2 OPEC - Organization of Petroleum Exporting Countries
  - 2.3 EU - European Union and Creation of Euro
  - 2.4 ASEAN - Association of South East Asian Nations
  - 2.5 SAARC - South Asian Association for Regional Cooperation
  - 2.6 BRICS – Brazil, Russia, India, China and South Africa
- 3. Introduction to transition economies.** **18**
  - 3.1 Eastern Europe
  - 3.2 Disintegration of the Soviet Union. What has been its impact on the region, Instability in the Balkans, Integration of former Soviet Bloc countries in the EU.
  - 3.3 China: The emergence of China in world trade and industry, growth reforms.
  - 3.4 Africa: Composition of the industry and trade, Possibilities and limitations.

- 3.5 Latin America: Debt crises. Brazil. Argentina. Mexico.
- 4. Major World Economic Issues and its impact on India** **12**
- 4.1 Issues in South East Asia – The flying geese model
- 4.2 The Japanese bubble in real estate
- 4.3 U.S. Debt Crisis and its impact on India
- 4.4 Euro zone Crisis and its impact on India

#### Recommended Readings

- Francis Cherunilam .International Economics– The McGraw Hill Education Private limited, New Delhi
- Kenchand Keswani, International relations in Modern World, Himalaya Publication
- P. V. Patwardhan ,World Economy 1914-1964, , Rajas Publication
- Johnson Harry, World Economy at the crossroads, Oxford University Press
- World Development Report
- Sharieff Afzal, World Political Geography Sarip Book Publication
- Mishra and Puri , Indian Economy, Himalaya Publication
- Bimal Jalan (2002) India's Economy in the New Millenium  
Bimal Jalan (2005) The Future of India : Politics, Economics and Governance

**University of Pune**  
**M.A. Economics -Part II Semester – III**  
**EC 3006 Economics of Finance**  
Non- Core Courses  
**(Credit system)**  
(This course will have *FOUR* credits. )  
**(From June 2014)**

**PREAMBLE**

The positive and significant role of financial institutions in the process of growth and development has been very well recognized in the literature and indeed has become more important during the last two decades as the financial systems of different countries have become integrated in the process of globalization. India is no exception and has taken far reaching measures since 1991 in this direction. It is, therefore, essential that the student of economics should be well conversant with the theory and practice of different financial institutions and markets to understand and analyze the interconnection between the monetary forces and real forces, their developmental role and limitations in shaping and influencing the monetary and related policies both at the national and international levels.

- 1. Financial Sector and Economy** **15**
- 1.1 Role of Financial sector in an economy - a broad view
  - 1.2 Structure of Financial system in India
  - 1.3 Participants in Financial Sector
  - 1.4 Role of Rate of Interest, present value and future value of income.  
Internal Rate of Return, Net Present Value – its application as an evaluation criteria.
  - 1.5 Functions of Financial Markets
  - 1.6 Structure of Financial Market in India
  - 1.7 Regulation of Financial System
- 2. Financial Markets and Financial Institutions** **15**
- 2.1 Debt Markets, Equity Markets, Financial Service Markets
  - 2.2 Financial Institutions – Depository Institutions and Non-depository Institutions
  - 2.3 Investment Intermediaries
  - 2.4 Financial Instruments- Money Market Instruments, Capital Market Instruments and International Financial Instruments
- 3. Portfolio Theory** **10**

- 3.1 Asset Return- random variables and random returns,
- 3.2 Capital Asset Pricing
- 3.3 Validity of CAPM (Capital Asset Pricing Model) Arbitrage Pricing Theory

#### **4. Derivatives Markets 20**

- 5.1 Derivatives- Meaning and Types
- 5.2 Futures Markets – History, Hedgers, Speculators, Arbitrageurs
- 5.3 Financial futures and Commodity futures – forward contracts.
- 5.4 Swaps – Mechanics and Types
- 5.5 Options Markets – Mechanics and types
- 5.6 Trading Strategies – Exchange traded Funds, stock options and the pay-offs from buying and selling options.

#### **BASIC READING LIST**

- Hauthkkar H.S. and Williamson P.J., The Economics of Financial Market, Oxford University Press. 1996.
- Pathak, Bharati.[2009]‘The Indian Financial System, ’Pearson Education Publication, New Delhi.
- Zvi Bodie / Robert C. Merton / Devid L. Cleeton (2009) Financial Economics, Person Publication, New Delhi.
- David G. Lueberger Investment Science, Oxford University Press. 1998.
- Ross Stephen and Rudolph W.W., Fundamentals of Corporate Finance, McGraw Hill International Ed. 1998.
- John Hull Future, Option and Other Derivative Securities, McGraw Hill
- Susan Thomas, (ed) Derivatives Market India 2003, Invest India 2003.
- Frederic S. Miskin, The Economics of Money, Banking and Financial Markets, Harper Collins Publishers
- Bay and Jonsen Money, Banking & Financial Markets An Economic Approach, A.I.T.B.S. Publishers & Distributors. Delhi
- Chandra P. (1997), Financial Markets, (4<sup>th</sup> Edition), Tata McGraw Hill, New, New Delhi.
- Shaw E.S. (1983), Financial Deepening in Economic Development, Oxford University Press, London.
- Smith, P.F., (1978), Money and Financial Intermediation : The Theory and Structures of Financial System, Prentice Hall, Englewood- Cliffs, New Jersey.

**UNIVERSITY OF PUNE**  
**M.A. ECONOMICS PART – II**  
**Semester – IV**

**UNIVERSITY OF PUNE**  
**M.A. ECONOMICS PART – II Semester – IV**  
**EC – 4001 Macro-Economics II**  
**Credit system Core Course**  
(This course will have *FOUR* credits. )  
(From June 2014)

**PREAMBLE**

Macroeconomics or aggregative economics analyses and establishes the functional relationship between the large aggregates. The aggregate analysis has assumed such a great significance in recent times that a prior understanding of macroeconomic theoretical structure is considered essential for the proper comprehension of the different issues and policies. Macroeconomics now is not only a scientific method of analysis; but also a body of empirical economic knowledge. The paper entitled “Macro Economics” equips the students at the postgraduate level to understand systemic facts and latest theoretical developments for empirical analysis.

- I: Money and Liquidity** **15**
- 1.1 Definitions of Money, Money stock and liquidity. Measures of Money Supply
  - 1.2 Liquidity measures according to Reddy Committee Report.
  - 1.3 The debate relating to the definition of money
  - 1.4 Liquidity theory, Gurley and Shaw Hypothesis- Alternative money stock measures
  - 1.5 The quantity and components of money stock in India and broad trend in them
- 2: Demand for Money and Price** **15**
- 2.1 Nominal v/s Real Cash Balance
  - 2.2 Neo Classical theory, Keynes’s Theory, Friedman’s Theory.
  - 2.3 The Quantity Theory of Money Approach. QTM and Income Equation
  - 2.4 Fishers QTM, Cambridge Cash Balance
  - 2.5 QTM as the theory of Price level
  - 2.6 Baumol-Tobin theory Issues regarding endogenous and exogenous supply of money
- 3: Money Supply and Inflation** **15**
- 3.1 Goals Targets, Indicators and instruments of Monetary Policy
  - 3.2 Theory of Money Supply: high Powered Money

**3.3** Money Multiplier Process, Determinants of Money Multiplier, Factor Affecting High Powered Money

**3.4** Autonomy of High powered money, Reserve Bank's analysis of Money Supply, Balance sheet of Reserve Bank of India.

**3.5** Definition sources of Inflation- Demand Pull Inflation- cost push inflation

**3.6** Income Shares and Inflation-Phillips Curve.

#### **4: Theories of Interest Rates, Monetary Policy and Macro economy 15**

**4.1** Real and monetary theories of the interest rate Loanable funds theory

**4.2** Keynesian theory- Wicksellian theory, Fisher's theory, Hicksian theory

**4.3** Interest rate differentials- Term-structure of interest rates

**4.4** Role of interest rates in Macro-economy, Credit market imperfections

**4.5** Monetary transmission mechanism and targeting Inflation Money growth an Interest Rates

**4.6** Interest rate rules -Taylor rule

**4.7** Rules versus discretion, Central Bank autonomy

**4.8** Dynamic inconsistency of monetary policy credibility and reputation

#### **Suggested Reading**

- Mishkin Frederic (2007), The Economics of Money Banking and Financial Markets, 8<sup>th</sup> edition Addison Wesley Longman Publishers
- Bain, Keith & Howells, Peter (2009), Monetary Economics: Policy and Its Theoretical Basis, Palgrave.
- Agarwal Vanita Macroeconomics Theory and policy Person Publication, New Delhi.
- D'souza Errol (2008) Macroeconomics : Person Publication, New Delhi.
- Wrightman D:- An Introduction to Monetary Theory and Policy
- Gupta S. B. :- Monetary Economics Institutions, theory and policy
- Gupta S. B :- Monetary Planning for India
- Harris:- Monetary Theory
- Laidler, D.E.W. (1977), Demand for Money: Theory and Evidence, DumDon Valley, New York.
- Branson, W.A. (1989), Macroeconomic Theory and Policy, (3rd Edition), Harper and Row, New York.
- Rakshit, M. (1998), Studies in the Macroeconomics of Developing Countries, Oxford University Press, New Delhi.
- Gurley, J. and E.S. Shaw (1960), Money in a Theory of Finance, Brookings Institution, Washington.
- Romer, D. (2006), Advanced Macroeconomics, 3 edn, McGraw-Hill Higher Educational
- <http://www.journals.elsevier.com/journal-of-macroeconomics/>
- <http://onlinelibrary.wiley.com> <http://www.ccsenet.org>
- <http://journals.cambridge.org> <http://www.oxfordjournals.org>
- <http://www.economist.com> <http://www.macrobasics.com>
- <http://econ.worldbank.org>

**University of Pune**  
**M.A Economics Part II Semester IV**  
**EC-4002 Growth and Development –II**  
**Core Course**  
(This course will have *FOUR* credits. )  
(From June 2014)

**Preamble:**

Growth and Development is one of the most important areas of economic exploration in the last 50-60 years. Although relatively recent in origin this subject occupies a significant position in economic theory and practice. India being a developing country, this subject becomes extremely relevant for both teachers and students. The syllabus of Semester IV includes the practical aspects of the process of growth and development – including the role of agriculture and industry, external trade and resource mobilization and the role of the state and the markets.

- |          |   |           |
|----------|---|-----------|
| <b>1</b> | <b>The role of agriculture and Industry in development</b>  | <b>15</b> |
| 1.1.     | Role of Agriculture in development ‘Market surplus’ Size of holding Price policy                          |           |
| 1.2.     | Disguised unemployment  |           |
| 1.3.     | Role of industry – Major reasons for industrialization in LDCs  |           |
| 1.4.     | The Role of Infrastructure – social and physical infrastructure – education and health infrastructure     |           |
| <b>2</b> | <b>Policy Environment for growth and development</b>  | <b>15</b> |
| 2.1      | The infant industry argument – The employment argument<br>Police Environment                              |           |
| 2.2      | Export promotion Vs import substitution   |           |
| 2.3.     | Monetary Policy – trade policy  |           |
| 2.3      | Fiscal Policy – Inflation, savings and growth   |           |
| 2.4      | Non –inflationary finance of investment – Inflation and credit –<br>Inflation and growth                  |           |
| <b>3</b> | <b>Trade and development</b>  | <b>15</b> |
| 3.1      | Trade as an engine of growth - foreign borrowing – Savings –<br>Investment gap – The foreign exchange gap |           |
| 3.2      | foreign borrowing and debt – servicing problem  |           |
| 3.3      | types and measurement of international capital flows  |           |
| 3.4      | The role of IMF, World Bank, FII and FDI  |           |
| <b>4</b> | <b>The role of the government</b>   | <b>15</b> |

- 4.1 The role of the government and markets in the developmental process
- 4.2 Development of distributive institutions
- 4.3 poverty alleviation measures
- 4.4 public distribution systems – public policies like NREGA in India –
- 4.5 Microfinance – issues related to microfinance. Self Help Groups and savings and Gender

**Suggested reading:**

- Behrman, S. and T.N. Srinivasan (1995), Handbook of Development Economics, Vol. 3, Elsevier, Amsterdam.
- Thirwal, A.P. (1999), (6th Edition), Growth and Development, Macmillan, U.K.
- Brown, M. (1966), On the Theory and Measurement of Technical Change, Cambridge University Press, Cambridge, Mass.
- Chenery, H. and T.N. Srinivasan (Eds.) (1989), Handbook of Development Economics, Vols.1 & 2, Elsevier, Amsterdam.
- Dasgupta, P. (1993), An Enquiry into Well-being and Destitution, Clarendon Press, Oxford.
- Gillis, M., D.H. Perkins, M. Romer and D.R. Snodgrass (1992), Economics of Development, (3rd Edition), W.W. Norton, New York.
- Kindleberger, C.P. (1977), Economic Development, (3rd Edition), McGraw Hill, New York. Economics
- Meier, G.M. (1995), Leading Issues in Economic Development, (6th Edition), Oxford University Press, New Delhi.
- Todaro, M.P. (1996), (6th Edition), Economic Development, Longman, London.
- Meier G.M. leading Issues in Development Economics

**University of Pune**  
**M.A Economics Part II Semester IV**  
**EC-4003 Research Methodology**  
Core Course- (CREDIT SYSTEM)  
(This course will have *FOUR* credits. )  
(From June 2014)

Preamble –

Students who complete their post graduation in economics are mentally equipped to pursue research in the same discipline. It is generally accepted that the research is nothing but the extension and application of knowledge in a certain specialized field. Therefore regular and external students who do their post graduation will be given an opportunity to get exposed to a few elements of social science research. Elementary knowledge of research methodology shall consolidate and deepen their understanding of various branches of Economics.

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|--|-----------|
| <b>1. Introduction to Research</b>   | <b>15</b> |
| 1.1 Meaning and types of research  |           |
| 1.2 Social Science. Research- Meaning Objectives, Nature, importance, utility, Limitations and difficulties. |           |
| 1.3 Stages involved in designing research.   |           |
| <b>2. Research Techniques</b>  | <b>15</b> |
| 2.1 Data Collection - Sources of Data  |           |
| 2.2 Primary - Interviews, Questionnaire, Observation, Schedule.  |           |
| 2.3 Secondary Data Collection.   |           |
| 2.4 Case studies & Historical methods  |           |
| 2.5 Hypothesis - Definition, Formulation and Role.   |           |
| 2.6 Sampling Technique - Types of Samples, Size of Samples   |           |
| <b>3. Analysis of Data</b>   | <b>15</b> |
| 3.1 Classification and Tabulation.   |           |
| 3.2 Graphs and Diagrams.   |           |
| 3.3 Measures of Central Tendencies. Mean, median mode  |           |
| 3.4 Dispersion. & Correlation.   |           |
| 3.5 Percentage. Bi-variate presentation.   |           |
| 3.6 Hypothesis Testing. Chi Square test.   |           |
| <b>4. Information Systems &amp; report writing</b>   | <b>15</b> |
| 4.1 Information Systems and knowledge management.  |           |
| 4.2 Global Information - Internet surfing, downloading, blogs, mails.  |           |
| 4.3 Computerized data processing- Excel, SPSS.   |           |
| 4.4 Stages of report writing..   |           |
| 4.5 Presentation - Power Point   |           |

## BASIC READING LIST

- Wilkinson and Bhandarkar - Methodology and Techniques of Social research -Pauline, Young - Scientific Social Surveys and Research
- Goode and Hatt - Methods in Social Surveys and Research
- Krishnaswamy K.N. and Appa Iyer Sivakumar (2009): Management Research Methodology, Pearson Education Publication,. N.Delhi .
- Sharma Prasad and Satyanarayana (ed) Research Methods in Social Sciences
- Moser and Kalton - Survey Methods in Social Investigations
- Sadhu and Singh - Research Methodology in Social Sciences
- Kurein C. T. A guide to research in Economics.
- Devendra Thakur - Research Methodology in Social Sciences
- Basotia G.R. Sharma K.K.- Research Methodology.

## ADDITIONAL READING LIST

- Acoff. Russel L.(1961) The Design of Social Research, Chicago, Uni. of Chicago,
- Allen, T. Harrell (1978) New Methods in Social Science Research. New York;Praeges Publishes.
- Berdie, Douglas R. & Andesson, John F. (1974) Questionnaires, Design and use Metuchen N.J. the sear escrow press Inc.
- Ghosh B.N. (1982) Scientific Methods & Social Research New Delhi, Sterling Publishers Pvt. Ltd.
- Goode, William J. & Hatt, Paul K. (1952) Methods in Social Research, New York MacGrow Hill.
- Wilkinson and Bhandarkar – Methodology and Techniques of Social Research.
- Pauline Young : Scientific Social survey and Research
- Moser and Kalton : Survey methods in Social Investigations.
- Kothori C.R. Research methodology New era Publication
- ज.फा. पाटील व के.जे. पठाण पी. जे ताम्हणकर : अर्थशास्त्रीय अंशोधनाची तोंडओळख
- गुरुनाथ नाथगोंडे : सामाजिक अंशोधन पध्दती.
- प्रदिप आगलाणे : अंशोधन पध्दती शास्त्र व तंत्र.
- पु.ल.भांडारकर ल सामाजिक अंशोधन पध्दती

**University of Pune**  
**M.A Economics Part II Semester IV**  
**EC-4004 Rural Development**  
**None Core Course**  
(This course will have *FOUR* credits. )  
(From June 2014)

**PREAMBLE**

The course on Rural Development attempts to sensitize students about the dynamics of changes in the rural economy. It includes the study of problems faced by rural population and also includes the critical review of various schemes and projects that benefit the rural population. Emphasis may be laid on the study of rural development as an integral part of overall socioeconomic development. The treatment of topics shall be in the context of Indian economy and society.

**1. Rural Development** **15**

1.1 Concept, Scope, Objectives and Importance of Rural Development.

1.2 Various approaches to Rural Development. Gandhian Approach. PURA.

1.3 Structure of Rural Economy of India

1.4 Rural Administrative machinery. 73<sup>rd</sup> Constitutional Amendment

**2. Aspects of Rural Development.** **20**

2.1 Rural Infrastructure – Roads, Railway development, Irrigation, electricity, housing, sanitation facilities, communication links, Education, health and family welfare, HDI in rural India

2.2 Agricultural development in India . Land use pattern. Land Reforms. Changes in cropping pattern. Farm laborers. Farm sector vs. non-farm sector

2.3 Rural Indebtedness – magnitude, causes and remedial measures.

2.4 Role of non-institutional sources of credit Cooperatives

2.5. Role of Commercial banks. RRBs. NABARD. SHGs.

2.6 Microfinance institutions in India. Kisan Credit Cards

2.7 Rural Industrialization and agro-based industries. Cottage industries. Growth, problems and solutions.

2.8 Development of Rural entrepreneurship

**3. Problems of Rural Development.** **10**

3.1 Rural unemployment. Magnitude of the problem, causes, remedies, Status of women & gender bias, Women empowerment.

3.2 Causes of migration of rural population. Solution.

3.4 Rural poverty. Various measurements, causes & remedies.

3.5 Problem of Inequality in rural India. Magnitude, causes & remedial measures

#### **4. Objectives and critical assessment of rural development programs as a part of inclusive and sustainable growth 15**

(Financial Provisions through five year plans, progress, achievements, critical evaluation of following programme)

4.1. IRDP

4.2 MGNREGS

4.3 SFDA

4.4 Food for Work Program

4.5 TRYSEM , TSP

4.6 Swarn Jayanti Gram Swarajgar Yojana.,

4.7 Food & nutrition security

4.8 National Rural Livelihood Mission (NRLM)

#### **Recommended reading:**

- Datt & Sundharam, Indian Economy S Chand & Co., New Delhi, 68<sup>th</sup> New Delhi, 2013
- India Rural Development Report 2012-13, Orient Blackswan Pvt. Ltd, New Delhi, 2013.
- Rural Development in India – Past, Present & Future, by Vasant Desai, Himalaya Publishing House, Mumbai, 2<sup>nd</sup> edition, 2013
- Satya Sundaram Rural Development, Himalaya Publishing House, Mumbai, 4<sup>th</sup> edition 2013.
- Twelfth Five Year Plan ---2012-17, vols.-1-3, Ministry of Finance, Government of India, OUP, New Delhi, 2013.
- Annual Reports : Ministry of Rural Development, Govt. of India
- Periodicals : Yojana (Marathi) Yojana (English) Kurukshetra (English) – All published by Publications Division, Ministry of I & B, Government of India, New Delhi.
- Economic & Political Weekly, Mumbai.

**University of Pune**  
**M.A Economics Part II Semester IV**  
**EC – 4005 Economics of Environment**  
**None core Course**  
(This course will have *FOUR* credits. )  
(From June 2014)

**PREAMBLE**

Environment is a part and parcel of living things in general and human beings in particular. Hence for their well being and environmental balance its preservation and protection is of vital importance. Environmental degradation can very badly affect all living things coupled with human beings in particular. Environment can have economic aspects, which are neglected in the studies in main stream economics and its branches. This necessitates studying Economics of Environment as an Elective paper at post graduate level. The prime objective of this paper is to well equip the students regarding economic aspects of environment and development

- 1. Introduction To Economics of Environment: 15**
- 1.1 Economics of Environment: Meaning, Nature, Scope and Significance
  - 1.2 Environment –Economic and Development - Common Property Resources - Eco-systems – Loss of Bio-diversity.
  - 1.3 Sustainable Development.
  - 1.4 Environmental degradation.
- 2. Industrial Development And Environmental Problems 15**
- 2.1 Water pollution – Air Pollution – Noise Pollution –
  - 2.2 Depletion of Ozone Layer – Green House Effect, Global Warming and Climate Change
  - 2.3 Environment Friendly Size of Firm – Limits to Growth Theory.
  - 2.4 Effects of environment on human being.
- 3. Environmental problems of agricultural development 15**
- 3.1 Technological changes in Agriculture and Environment; Excess use of Water, Fertilizers, Pesticides and Environment.
  - 3.2 Concept of Natural Farming – Large sized dams and Environment
  - 3.3 Forest Depletion; Cause, Consequences and Remedies – Significance of Social Forestry.
  - 3.4 Social forest
- 4. Environmental Protection and Environmental policy 15**
- 4.1 Role of Public, Private, and Co-operative sectors in Environmental Protection
  - 4.2 Environment Management Techniques : Cost Benefit Analysis –

## Assessment Environmental Impact – Environmental Audit

### 4.4 India's Environmental Policy : Environmental Protection Laws in India-

#### 4.5 Pollution Control Boards (CPCB and DPCBs).

#### 4.4 Role of environmental education.

### READING LIST :

- Baumol, W.J. & W.E. (1997), *The Theory of Environmental Policy*, Prentice Hall, Englewood-cliffs.
- Bhardwaj, R. (1983), *Managing Limits to Growth*, Asian and Pacific Development Centre, Kuala Lumpur.
- Dorfman, R & N. Dorfman (Eds.) (1977), *Economics of the Environment*. W.W. Norton, New York.
- Nijkamp, P. (Ed.) (1976), *Environmental Economics*, Vol. I & II, Martinus Nijhoff, Leiden.
- Charles Peering (1987) *Economy and Environment* Cambridge University Press, New York.
- Ali, S.A. (1979), *Resources for Future Economic Growth*, Vikas Publishing House, New Delhi.
- Rathore, M.S. (Ed.) (1996), *Environmental and Development*, Rawat Publications. Jaipur.
- Garge, M. R. (Ed.) (1996) *Environmental Pollution and Protection*, Deep and Deep Publications, New Delhi.
- Lodha, S. L. (Ed.) (1991), *Environmental of Environment*. RBSA Publishers, Jaipur.
- Rajlakshmi N. And Dhulasi B. (1994), *Environomics*, Allied publishers Ltd., New Delhi.
- Singh, G. N. (Ed.) (1991), *Environmental Economics*, Mittal Publications, New Delhi.
- Mehta, C.S. (1994), *Environment and Law*, RBSA Publishers, New Delhi.
- Karpagam, M. (1993), *Environmental Economics*, Sterling Publishers, New Delhi.
- World Bank Report on Human Development.
- The Hindu Survey of Environment: Annual Reports.
- R. N. Bhattacharya (2006), *Environmental Economics: An Indian Perspective*, Oxford University Press, New Delhi.
- Ulaganathan, Sankar (2006), *Environmental Economics*, Oxford University Press, New Delhi.
- Hanley, Shogren and White (2004), *Environmental Economics in Theory and Practice*, McMillan India Limited, Delhi.
- Singh & Shishodia (2010), *Environmental Economics: Theory and Applications*, Sage Publications, New Delhi.

**University of Pune**  
**M.A Economics Part II Semester IV**  
**EC – 4006 Econometrics**  
**None core Course**  
(This course will have *FOUR* credits. )  
(From June 2014)

**Preamble:**

Application of economic theory needs a reasonable understanding of economic relationships and relevant statistical methods. The syllabus of Econometrics is to equip the students with basic theory and relevant applications of the methods. The course covers various econometric methods applicable to different topics in economics and those needed for applied economic research. An introductory module on multivariate methods has also been included in the course, which constitutes an important tool for analysis in multivariable data in development related studies.

**1: The Nature of regression analysis 15**

- 1.1 Two variable Regression model: Concept of PRF, Meaning of Linear, Stochastic specification of PRF, Significance of the Stochastic Disturbance Term, Estimation through OLS-Assumptions, Estimators and their Properties, Gauss-Markov Theorem, coefficient of determination,
- 1.2 Two Variable Regression: Interval Estimation and Hypothesis Testing- Normality Assumption and Properties of OLS Estimators under Normality Assumption, Confidence Interval and Test of Significance Approach for Regression Coefficients, Analysis of Variance, Extensions of Two Variable Linear Regression Model:- Regression through the Origin , Functional Forms

**2: Multiple Regression Analysis 15**

- 2.1 Problem of Estimation, Meaning of Partial Regression Coefficients, Adjusted R Square,
- 2.2 Partial Correlation Coefficients, Problem of Inference,
- 2.3 Hypothesis testing, Uses of F test, relaxing the Assumption of the OLS: Multi co linearity and Consequences,
- 2.4 Detection through Graphical Method, Spearman's rank Correlation Method, Goldfeld - Quandt Test
- 2.6 White's test-remedial measures, Autocorrelation: Nature of the Problem,
- 2.7 BLUE Estimator in the Presence of Autocorrelation, Consequences, Detection of the Problem through Graphical Method and Durbin-Watson d test, Remedial Measures

**3: Regression on Dummy Variables 15**

- 3.1 Nature of Dummy Variables, Regression on Quantitative and Qualitative Variables,
- 3.2 Testing for Structural Stability, Interaction Effects,
- 3.3 Use of Dummy variables in Seasonal Analysis, use of dummy variables in Combining Time series and Cross Sectional Data

**4: Simultaneous Equation Models 15**

- 4.1 Examples, Simultaneous Equation bias.
- 4.2 Problem of Identification: Definition and Rules for Identification,
- 4.3 Estimation of Simultaneous Equation models: Recursive Models, Indirect Least Squares Two stage Least Squares,
- 4.4 Introduction to Time Series Autoregressive and Distributed Lag Models, Stationary and Non-Stationary Process,
- 4.5 Concept of Unit Root Process and Testing, Transforming Non-Stationary Time Series, Introduction to Forecasting using Time Series, Vector Autoregressive Model

**Suggested reading-**

1. Damodar Gujarati Basic Econometrics
2. Jeffrey Wooldridge Introductory Econometrics: A Modern Approach
3. A. Koutsoyinnis Theory of Econometrics
4. G. S. Maddala Introduction to Econometrics
5. G. S. Maddala Econometric Methods