

**BABASAHEB BHIMRAM AMBEDKAR BIHAR
UNIVERSITY, MUZAFFARPUR**

UNIVERSITY DEPARTMENT OF ECONOMICS

**Syllabus for M.Phil (ECONOMICS) 1ST and 2nd Semester Session
2014-15, 2015-16**

Semester I	Title of the Course	Marks			Credits
		IA	UE	Total	
Paper I	Research Methodology	30	70	100	4
Paper II	Economics Analysis	30	70	100	4
Paper III	Advanced Economic Theory	30	70	100	4

Semester II	Title of the Course	Marks			Credits
Paper – IV	Special Papers (Choose Any One)				
	1. Agricultural Economics	30	70	100	4
	2. Industrial Economics				
	3. Publics Economics				
	4. Environmental Economics				
Paper V	Special Papers (Choose Any One)				
	1. International Economics	30	70	100	4
	2. Economics of Human Resources				
	3. Economics of Service Sectors				
	4. Rural Development				
Paper VI	Dissertation and Viva Voce				
	Viva Voce 50 Marks			200	8
	Dissertation 150 Marks				

PAPER I : RESEARCH METHODOLOGY

UNIT -I

Economic Research : Significance of Economic Research – Types of Research – Formation of Research Problem – Formulation of Hypothesis – Sources of Data – Methods of Data Collection – Sampling design : Random and Non-random.

UNIT -II

Data analysis : Measuring of Central Tendency and Dispersion – Tests of Hypothesis – Types of Errors – Parametric and Non – Parametric test : 't' Test – 'z' Test – 'F' Test and ANOVA – Chi-square Test

UNIT -III

Correlation : Meaning – Types of Correlation : Simple, Partial and Multiple Correlation – Regression : Meaning – Linear Regression – Difference between Correlation and Regression.

UNIT -IV

Index Numbers : Their concept as Weighted Averages – Problems in the Construction of Index Numbers – Chain Index – Cost of Living Index Number (different formulate) – Wholesale Price Index and Cost of Living Index in India – Uses of Index Numbers.

UNIT -V

Thesis and Report Writing : Different stages in writing Report, Layout of the Research Report, Types of Precautions in writing Research Reports, Foot notes, Bibliography.

UNIT -VI

Computer:- Role of computers in research : Data Analysis, MS-Excel, SPSS, Use of internet in research

(Note :- Question Pattern : Theoretical aspects 70% and Problem 30%. In either or question pattern, questions 2 (b), 3 (b) and 4 (b) may be problem solving)

PAPER II : ECONOMIC ANALYSIS

UNIT I : THEORY OF CONSUMER BEHAVIOUR

Utility Analysis : Law of Diminishing Marginal Utility – Law of Equi-Marginal Utility – Consumer's Surplus; **Indifference Curve Analysis** : Indifference curve – Meaning and Properties – Marginal Rate of Substitution and Price Line – Consumer's Equilibrium – Income effect. Price effect and Substitution effect (Hicks Allen Eugene Slutsky method); **Revealed Preference approach** : Strong and weak axioms of revealed preference.

UNIT II – THEORY OF PRODUCTION AND COST

Production function – Law of Variable Proportions and Returns to Scale; **Isoquants** : Properties, Producers equilibrium, Elasticity of substitution – production function. Linear – Homogenous production function, Cobb – Douglas Production function; **Cost Concepts:- Qualitative Method**, Real cost, money cost & opportunity cost. **Quantitative Method** : total, average and marginal cost. **Revenue concepts** : Average, Marginal and Total Revenue, revenue curves under different market conditions.

UNIT III – PRICE AND OUTPUT DETERMINATION

Perfect Competition : Features, Price determination in short and long run, Equilibrium of Firm and Industry; **Monopoly** : Price and output determination, Price discrimination; **Monopolistic Competition** – features, equilibrium of the firm; **Oligopoly** – Price and output determination – **Non Collusive** : Kinky demand curve and price rigidity, **Collusive** : Price leadership, Cartels and Game Theory

UNIT IV – GENERAL EQUILIBRIUM

Partial and general equilibrium, Walrasian excess demand and input-output approaches to general equilibrium, existence, stability and uniqueness of equilibrium and general equilibrium, Coalitions and monopolies.

UNIT V – THEORIES OF DISTRIBUTION

Marginal Productivity Theory of Distribution; **Rent** – Ricardian Theory of Rent- Modern Theory of Rent Quasi Rent; **Wages** – Marginal Productivity, Theory of Wages – Wage Differentials ; **Interest** : Classical, Keynesian & Modern theories. **Profit** :: Risk and Uncertainty and Innovation theory of Profit. Theory of risky choices: N-M theory.

UNIT –VI: THE CLASSICAL AND KEYNESIAN MACRO ECONOMICS

Classical Income and Employment Theory : The Classical Economics. Quantity Theory of Money, Fisher and Cambridge equations – Saving, Investment and the Rate of Interest in the pre-Keynesian framework; **Keynesian Income and Employment**

Theory : Keynesian Economics of Consumption, Savings and Investment – Theory of Multiplier.

PAPER III : ADVANCED ECONOMIC THEORY

UNIT I :

Theory of Consumer Behavior and Market Demand : Hicks logical ordering theory of demand. The Duality approach analysis – The indirect Utility function. Derivation of Demand function. Roy's Identity. A pragmatic Approach to demand analysis and Linear expenditure system (LES). Lancaster's theory of consumer demand. Individual choice. Under risky situations, The Friedman – Savage Hypothesis. Neuman – Morgenstem, Method of measuring Utility.

UNIT II

Welfare economics: Pareto Efficiency under perfect competition. Modern Welfare Economics – Social Welfare function. The Theory of second best. Political Process and Welfare Economics. Democracy and Welfare Economics (Down's Model).

UNIT III

Theory of the Firm – Limit Pricing Theory – Bain's limit pricing theory, The model of Sylos – Laseni. The model of Franco – Modigliani. The Model of Bhagwati. The Model of Poshigian. Bamoul's Model of Sale & Maximisation. The behavior Model of Cyrt and March. The managerial discretion Model of Williamson.

UNIT IV

Money : The Modern Quantity Theory and the Monetarist – Post Keynesian debate. The Monetarist Evidence. The money multiplier theory of money supply. Factors affecting high powered money and control of money supply. The relative strength of Monetary and Fiscal policy. Transmission Mechanism.

UNIT -V :

Monetary Policy : The Operation of Monetary Policy – Choice of targets (Interest rate and reserves). Theory of Expectation and Ineffectiveness of stabilisation policy. Philip's curve – short run and long run, natural Rate of Unemployment and Hysteresis. (The insider – outsider model) Supply side Economics.

PAPER IV : (Special Paper)

1. AGRICULTURE ECONOMICS

UNIT I : AGRICULTURE AND INDIAN ECONOMY

Role of agriculture in Economic Development, Importance of Agriculture in Indian Economy, Share of agriculture in Indian Economy, Relationship between Agriculture and Industry, Land Reforms.

UNIT II – AGRICULTURE GROWTH AND NEW AGRICULTURAL TECHNOLOGY

Green Revolution : Agricultural Inputs : Fertilizers and Plant Protection, Irrigation and Farm Mechanization. Shifts in Production, Function size of Farm and Returns to scale. Growth and Productivity Trends in Agriculture.

UNIT III – AGRICULTURAL MARKETING

Agricultural Marketing in India – Defects in Marketing of Agricultural Produce and Measures taken by Government, Regulated markets, Co-operative Marketing, Contract farming, Need and objectives of Agricultural Price Policy Instruments of Agricultural Price Policy in India; Support, Procurement and issue prices, Food Security and Public : Distribution system in India.

UNIT IV – AGRICULTURAL FINANCE

Role of Capital in Agriculture – Sources of Capital Formation in Agriculture – Need for Agricultural Credit Classification of Agricultural Credit Source of Agricultural Credit Crop Insurance NABARD.

UNIT –V : CO-OPERATIVE MOVEMENT

Regional Disparities in Indian Agriculture Co-operative Movement in India : Organisation Structure and Development of Different Types of Co-operatives in India.

2. INDUSTRIAL ECONOMICS

UNIT I : INDUSTRY AND ECONOMIC GROWTH

Industrialization – Meaning, Importance – Objectives of the firm – Managerial Theories, Behavioural Theories, Alternative Approaches – Industrial Location – Weber's Theory, Central Place Theory, Market Area Theory.

UNIT II – PATTERN OF INDUSTRIALIZATION

Public Sector – Role and Importance, Pricing under public sector, Disinvestment in PSUs – Private Sector - Forms of Organization, Vertical and Horizontal Integration – Small Scale Industries - Importance, Strategy for rapid growth SSI – MSME.

UNIT III – INDUSTRIAL LEGISLATION

Forms of Government Regulation – Tariff Commission – MRTP – Foreign Exchange Management – Economic Reforms and Industrial Growth.

UNIT IV – INDUSTRIAL PRODUCTIVITY

Production Function – Cobb Douglas and CES – Industrial Productivity – Partial Factor Productivity, Incremental Productivity Ratios, Total Factor Productivity – Kendrick, Solow Indices – Measurement of Technical Change.

UNIT –V : INDUSTRIAL FINANCE

Industrial Finance – Need, Types and Sources of Finance – Development Banking – IDBI, IFCL, SFCs, SIDCO – Industrial Labour – Problems, Policies and Reforms on Industrial labour in India.

3. PUBLIC ECONOMICS

UNIT I :

Evolution of Public Finance, Major Fiscal Functions Allocation, Distribution, Stabilization Functions – Theory of Public goods and Private goods – Theory of Public Choice Pareto optimality Social Choice theory by Amartia Sen.

UNIT II –

Public expenditure, Role of public expenditure under liberalized regime public expenditure on Health, Education, Housing and Employment : Growth and Trends Government subsidies : Issues and approaches, Evaluation of public expenditure, Cost Benefit Analysis.

UNIT III –

Role of direct and indirect taxes Issues related to the tax reforms Fiscal adjustment and tax revenue – Tax on services : Issues and strategies changes in levy and collection – indirect taxes – VAT Uniform rate of taxes – Evaluation of tax reforms, G.S.T.

UNIT IV –

Budgeting Procedures – Relevance of Zero Based budgeting deficit financing Fiscal deficit and techniques of containing fiscal deficit, Role of public enterprises and administered pricing Disinvestment – Debt management.

UNIT –V :

Fiscal federalism Principles : Finance Commission : Role and functions Recommendations of latest Finance Commission, Issues related to revenue sharing between centre, state and local bodies, Finance of local bodies, 73rd and 74th Amendments of Constitution and its impact on financial resources of local

bodies.

4. ENVIRONMENT ECONOMICS

UNIT I : CONCEPTS IN ENVIRONMENTAL ECONOMICS

Environment – Ecology – Eco-system – Anthropocentrism – Egocentrism – Environmentalism – Nexus between Economics and Environment – Biodiversity- Market Failure – Public Goods – Externalities – Sustainable Development – Private Cost versus Social Cost.

UNIT II – NATURAL RESOURCE AVAILABILITY, UTILIZATION AND ENVIRONMENTAL PROBLEMS

Definition and Classification of Resources : Renewable and non-renewable resources – Conservation of resources and methods of conservation – Pollution : Domestic : Solid Waste, Health and Sanitation and Unsafe Drinking Water. Industrial : Air Pollution, Water pollution and Soil Pollution – Agricultural land pollution : Soil erosion and reduction in soil fertility – Degradation of vegetations (forests) – Degradation of Common Property Resources (CPRs)

UNIT III – THEORY OF EXTERNALITIES AND TECHNIQUES

Trade-off between Economic Growth and Environment – Market equilibrium analysis in natural resource economics – Economics of pollution control – Limits to growth – Coase's Theorem – Simon Kuznet's Inverted 'U' shaped curve- Environmental Impact Assessment (EIA) – Benefit / Cost Analysis – Hedonic approach – Contingent valuation methods.

UNIT IV – ENVIRONMENT AND SOCIETY

Problem and Economic Development – Population and Environment – Women and Natural Resource – Poverty and Environment – Technology and Environment – Urbanization and its impact on Environment – Peoples participation and Environmental Protection.

UNIT –V : GLOBAL ENVIRONMENTAL ISSUES AND POLICY

Global environmental problems : Green House Effect – Global Warming – Acid Rain – World Conference on Human Environment (1972) – World Commission on Environment and Development (Brundtland Commission), 1984 – World Conference on Development and Environment (1992)- Agenda – 21 Kyoto agreement – Seattle Conference and Environment – India's Environmental Policies : Environment Protection Act 1986 – Air Act 1981, Water Act 1974, Forest Act – Joint Forest Management.

5. MONETARY ECONOMICS

UNIT I : DEMAND FOR MONEY

Classical view of Money Demand Keynesian view of Money Demand Inventory Approach to Money Demand Portfolio Approach to Money Demand Modern Quantity theory of Demand for Money. Liquidity theory of Money. Equilibrium in Money Market Supply of Money Determinants High Powered Money Multiplier.

UNIT II – CENTRAL BANK

Role and Functions : Techniques of Credit Control, Monetary Policy, Objectives Discriminatory Effect of Monetary Policy – Commercial Banks : Role of Commercial Banks Credit Creation – Financial Sector Reforms : A general view

UNIT III – FINANCIAL MARKET

Structure of Financial Market Classification of Financial intermediaries – Players and Instruments in Financial Markets Money Market : Characteristics and Function of Indian Money Market NBFI Classification – Role of NBFI in Economic Development.

UNIT IV – CAPITAL MARKET

Importance and working of Capital Market – Stock market – primary and secondary market features – Role and Functions of Stock exchange SEBI.

UNIT –V : INTERNATIONAL APPROACH

Monetary Approach and Adjustment in BOP, Regional Blocs Multilateralism and World Trading System, Theory of International Reserves Optimum

Currency Areas, Theory and impact in the developed and developing countries.

PAPER V (Special Paper)

1. INTERNATIONAL ECONOMICS

2.

UNIT I :

Theory of Trade Classical Theory of Trade One Factor model Neo Classical theory of International trade two factor model Modern Theory of Trade.

UNIT II –

Terms of trade tariff and trade Stopler Samuelson theory Non tariff barriers and trade agreements, Third World and trade development, RYBCZYNSKI theorem – Immiserization theory of Jagadish Bhagawati – GATT / WTO – Trading in goods services and Intellectual ownership – UNCTAD.

UNIT III –

Exchange rate determination currency devaluations Exchange rate fluctuations and their impact – Capital inflow Technology Transfer – Import substitution and Export Promotion Open Economy and General Equilibrium International Institutions : IMF and World Bank – North South Dialogue

UNIT IV –

Balance of trade Balance of payments – current Capital Account – Autonomous & Accommodating Transactions Disequilibrium in balance of payments – Measures to restore equilibrium in balance of payments.

UNIT –V :

Current Issues in International Trade WTO Doha round International cartels

with special reference OPEC and Oil Price Trade and energy security
Convertibility of currency : Current account convertibility Analysis of FDI and
FPI.

2. ECONOMICS OF HUMAN RESOURCES

UNIT I : HUMAN CAPITAL THEORIES

Human Capital : Meaning – Definition – Importance of Human Capital –
Human Capital and Economic Development – Theory of Human Capital :
Adam Smith, Becker, Shultz, Amartya Sen – Criticism to Human Capital
Theory – Theories of Human resource : Household Economic Theory – Supply
of Human Resource.

UNIT II – INVESTMENT IN HUMAN RESOURCE

Human Resource : Meaning – key functions – Investment in Human Resource
and Economic Development : Return on Investment for Human Resource –
Education and Economic Development – Investment in Education and Training-
Public Investment in Education Privatization of Education – Provision of
Education – On the job training – Manpower Planning – Population : Theory of
Demographic Transition (Malthusian Theory and Neo Malthusian Theory)

UNIT III – HEALTH ECONOMICS

Health Economics : Origin – Scope – Health care Demand – Supply of Health –
Public and Private Health – Investment in Health – Supply and Demand for
Health – Consumption and Investment aspects of health – Health Financing :
Out of pocket expenses Public expenditure – Health Insurance – Moral Hazard
– Role of Government in provision of health care services.

UNIT IV – LABOUR MARKET

Demand for labour – Short Run and long run changes in the demand for labour supply of labour Wage Theories – Trade Union : Structure, Objectives, Policies – Growth of Trade Union in India – Collective Bargaining – Labour Force Participation.

UNIT –V : MIGRATION

Migration – internal and External – Effects of Migration – Migration Theories : The Neo-Classical Equilibrium Perspectives –Historical – Brain drain – knowledge Export : International Labour Movement WTO and Opening of Economy and its Impact on Work Environment and Culture.

3. ECONOMICS OF SERVICE SECTOR

UNIT I : INFRASTRUCTURE AND ECONOMIC DEVELOPMENT

Infrastructure : meaning, importance and role in economic development – classification of infrastructure (social and economic infrastructure) – urban and rural infrastructure schemes in India – PURA – growth of infrastructure under plans.

UNIT II – Social Infrastructure

Growth and present status of infrastructure – Education, Health, Housing and Banking & Insurance.

UNIT III – ENERGY AND POWER

Energy : Sources of Energy- Sources of Commercial and Non Commercial Energy Resources – Growth and Present Status – Energy Crisis in India.

Power : Main Sources of Generation of Electric Power : Hydel, Thermal and Nuclear power – Growth and Present Status – Rural Electrification in India – Problem of power

UNIT IV – TRANSPORT

Significance of Transport – Sources of transport : Surface (Road and Railways) Transport, Water Transport and Air Transport – Growth And Present status of Transport System in India.

UNIT –V : Communication

Communication – Postal and Telegraph. Telecommunication and information technology – Major issues in IT, Growth and present status of IT industry in India – outsourcing.

4. RURAL DEVELOPMENT

UNIT I :

Rural Development : Meaning, Objectives, Scope and Importance of Rural Development Strategies for Rural Development, Determinant of Rural Development – Rural Development Approaches.

UNIT II –

Agriculture and Industry in Rural Development : Role of Agriculture in Rural Development Agricultural Labour Agricultural Labour Agricultural Prices – Rural Industries Role of Kadi and Village Industries in Rural Development, Rural Marketing.

UNIT III –

Rural Finance – Sources of Rural Finance – Commercial Banks Co-operatives Large Sized Multi Purpose Societies (LAMPS) – Local Moneylenders – Cause and Consequences of Rural Indebtedness - Capital Formation in Rural Sector.

UNIT IV –

Issues in Rural Areas : Indebtedness – Bonded Labour Poverty – Health and Nutrition – Education Unemployment and Migration, Rural Infrastructure.

UNIT -V :

Plans and Policies of Rural Development : Rural Development Programmes : PURA, MGNRESA, PMGSY and SGSY Rural Land Resources Development Programmes : IWDP, TDET and IPS – Rural Drinking Water Development Programmes : IEC and MIS – Panchayati Raj and Rural Development – NGOs and Rural Development.