

  
**KANNUR UNIVERSITY**

(Abstract)

MA Economics Course Under the School of Distance Education – Scheme, Syllabus and Model Question Papers - Implemented with effect from 2011 Admission - Orders issued.

**ACADEMIC BRANCH**

U.O No.Acad/C1/5428/2011

K.U. Campus, Dated, - 11-2011

Read:1 Regulations for Post Graduate Programmes in affiliated colleges implemented with effect from 2001 admission.

2. Minutes of the meeting of the Boards of Studies in Economics (PG) held on 19-10-2011.
3. Letter dated 25-10-2011 from the Chairman Board of Studies in Economics (PG).

**ORDER**

1.As per the paper read (1) above the regulations for PG Programmes in affiliated colleges has been implemented with effect from 2001 admission.

2. As per the paper read (2) above the meeting of the Board of Studies in Economics (PG) finalized the Scheme ,Syllabus and Model Question Papers for MA Economics Course under the School of Distance Education in annual pattern with effect from 2011 admission .

3. As per paper read( 3) above , Chaiman Board of Studies in Economics (PG) has forwarded the finalized copy of the Scheme Syllabus and Model Question Papers of M.A. Economics Course under the School of Distance Education for implementation with effect from 2011 admission.

4. The Vice Chancellor after considering the matter in detail and in exercise of the powers of Academic Council conferred under section 11 (1) of Kannur University Act 1996 and all other enabling provisions read together with has accorded sanction to implement the Scheme Syllabus and Model Question Papers of M.A. Economics Course under the School of Distance Education with effect from 2011 admission subject to report to the Academic Council.

5.Orders are therefore issued accordingly.

6.The implemented Scheme, Syllabus & Model Question Papers are appended.

To

The School of Distance Education.

REGISTRAR

Copy to :

1. The Examination Branch (through PA to CE).
2. The Chairman BOS in Economics (PG)
- 3 PS to VC/PA to PVC /PA to R/ PA to CE.
- 4.DR/AR1(Acad). .
- 5.SF/DF/FC.

<b>KANNUR UNIVERSITY</b>				
<b>MA PROGRAMME IN ECONOMICS UNDER SDE</b>				
<b>SCHEME &amp; SYLLABUS</b>				
<b>Date of Effect : 2011 Admission</b>				
<b>Code</b>	<b>Name of Core/Compulsory Courses</b>		<b>Marks</b>	
ECC01	Micro Economics	<b>Previous</b>	150	
ECC02	Macro Economics		150	
ECC03	Quantitative Methods for Economic Analysis		150	
ECC04	Development Issues of Indian Economy		150	
ECC05	Environmental Economics		150	
ECC06	Development Economics		150	
ECC07	International Economics		150	
ECC08	Public Economics		150	
ECC09	Econometrics		150	
ECC10	Financial Markets		<b>Final</b>	150
<b>Total</b>			1500	

**KANNUR UNIVERSITY**  
**M.A ECONOMICS PROGRAMME UNDR SDE**

**ECC01 - MICROECONOMICS**

**Module-1**

Theory of consumer choice-1: Individual behaviour in the face of risk and uncertainty: Risk and uncertainty in demand choices – contingent consumption – utility functions, probability distribution and expected utility – measuring risk – risk aversion and risk preference – choice between insurance and gambling with different shapes of the utility function – risk spreading – Neumann-Morgenstern method of constructing utility index – Friedman-Savage hypothesis – trade off between risk and return – the investor's choice problem: household portfolio decisions under conditions of uncertainty – reducing risks and uncertainty – benefits of diversification – risk aversion and indifference curves – the mean-variance analysis.– the state preference theory.

Reference:

1. Dominick Salvatore, *Microeconomics: Theory and Applications*, Oxford University Press, 2003, Chapter-6.
2. Robert S. Pindyck and Daniel L. Rubinfeld, *Microeconomics*, Prentice Hall of India, 2003, Chapter-5.
3. Hal R. Varian, *Intermediate Microeconomics: A Modern Approach*, Affiliated East West Press, Delhi, 2000, Chapter-12.
4. Jack Hirshleifer, Amihai Glazer and David Hirshleifer, *Price Theory and Applications: Decisions, Markets and Information*, Cambridge University Press, 2005, Chapter-11.
5. David M. Kreps, *Microeconomics for Managers*, W.W. Norton & Co., London, 2004, Chapter-15.
6. James M. Henderson and Richard E. Quandt, *Microeconomic Theory: A Mathematical Approach*, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, 2003, Chapter-3.
7. William J. Baumol, *Economic Theory and Operations Analysis*, Prentice Hall of India Pvt. Ltd., 2000, Chapter-17
8. Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions*, The Dryden Press, Orlando, 1992, Chapter-9.
9. H.A. John Green, *Consumer Theory*, Mac Millan, 1976, Chapters-13, 14 and 15.
10. David Laidler, *Introduction to Microeconomics*, Heritage Publishers, New Delhi, 1981, Chapter-7.
11. Robert Y. Awh, *Microeconomics: Theory and Applications*, John Wiley and Sons, 1976, Chapter-3.
12. David Begg, Stanley Fisher and Rudiger Dornbusch, *Economics*, Mc Graw-Hill Publishing Company, 1994, Chapter-14.
13. Richard G. Lipsey and K. Alec Chrystal, *Principles of Economics*, Oxford University Press, 1999, Chapter-12.

**Module-2**

Theory of consumer choice-II: Recent developments in the theory of market demand: Attribute theory of demand: maximizing satisfaction from attributes – attribute approach and the law of demand – implicit prices – intertemporal choice: the intertemporal budget constraint, indifference map and optimal choice of consumption – Hick's logical ordering theory of demand – pragmatic approach to demand analysis – constant elasticity demand function – distributed lag models of demand – Nerlove's model – Houthakker's and Taylor's model – linear expenditure systems.

### Reference:

1. Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions*, The Dryden Press, Orlando, 1992, Chapters-6, 7.
2. Jack Hirshleifer, Amihai Glazer and David Hirshleifer, *Price Theory and Applications: Decisions, Markets and Information*, Cambridge University Press, 2005, Chapter-5; Chapter 15 for supplementary reading.
3. Hicks, *A Revision of Demand Theory*, Oxford University Press, 1956.
4. Koutsoyiannis A, *Modern Microeconomics*, Mac Millan, 1979, Chapter-2.
5. James M. Henderson and Richard E. Quandt, *Microeconomic Theory: A Mathematical Approach*, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, 2003, Chapter-3 (Also, chapter-12 for supplementary reading).
6. Robert H. Frank, *Microeconomics and Behaviour*, Irwin Mc. Graw Hill, 2000, Chapter-5.
7. Robert Y. Awh, *Microeconomics: Theory and Applications*, John Wiley and Sons, 1976, Chapter-21 (for supplementary reading).
8. David Laidler, *Introduction to Microeconomics*, Heritage Publishers, New Delhi, 1981, Chapter-8.

### **Module-3**

Theory of production: Production function – homogeneous production function – Cobb-Douglas production function – CES production function – fixed coefficient production function – technical progress and production function – equilibrium of the multiproduct firm in terms of the production-possibility curve and isorevenue curve – elasticity of substitution – linear programming maximization problem (both graphic and simplex methods) – dual problem: its formulation and economic interpretation – input-output analysis and its application.

### Reference:

1. James M. Henderson and Richard E. Quandt, *Microeconomic Theory: A Mathematical Approach*, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, 2003, Chapters-5, 10.
2. William J. Baumol, *Economic Theory and Operations Analysis*, Prentice Hall of India Pvt. Ltd., 2000, Chapters-5, 6, 22.
3. Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions*, The Dryden Press, Orlando, 1992, Chapters-11, 17.
4. Koutsoyiannis, *Modern Microeconomics*, Mac Millan, 1979, Chapters-3, 20
5. Donald Stevenson Watson and Malcolm Getz, *Price Theory and its Uses*, AITBS Publishers and Distributors, Delhi, 1996, Chapter-12.
6. Robert Y. Awh, *Microeconomics: Theory and Applications*, John Wiley and Sons, 1976, Chapter-8, 20.

### **Module-4**

Duopoly and Oligopoly: Characteristics of duopoly and oligopoly – interdependence and indeterminateness of demand curve under oligopoly – collusive and non-collusive models – Cournot's model – Edgeworth's model – Bertrand's model – Chamberlin's model – Stackelberg's model – Sweezy's kinked-demand model – price leadership models of low-cost price leader, dominant firm price leader and barometric price leadership – cartels aiming at joint profit maximization and market sharing cartels – welfare effects of oligopoly.

### Reference:

1. Edwin Mansfield & Gary Yohe, *Microeconomics*, W.W.Norton & Co., 2004, Chapter-13.
2. Dominick Salvatore, *Microeconomics: Theory and Applications*, Oxford University Press, 2003, Chapter-11.
3. A. Koutsoyiannis, *Modern Microeconomics*, Mac Millan, 1979, Chapters 9, 10.

4. Hal R. Varian, *Intermediate Microeconomics: A Modern Approach*, Affiliated East West Press, 2000, Chapter-27.
5. James M. Henderson and Richard E. Quandt, *Microeconomic Theory: A Mathematical Approach*, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, 2003, Chapter-8.
6. John P. Gould, Edward P. Lazear, *Microeconomic Theory*, Richard D. Irwin Inc., 2003, Chapter-13.
7. Robert H. Frank, *Microeconomics and Behaviour*, Irwin Mc. Graw Hill, 2000, Chapter-5, Chapter-13.
8. Robert Y. Awh, *Microeconomics: Theory and Applications*, John Wiley and Sons, 1976, Chapter-15.

### **Module-5**

Markets with asymmetric information: Quality uncertainty and the market for ‘lemons’ – quality choice – hidden actions: principals, agents and moral hazard – hidden characteristics: the problem of adverse selection – market signaling to convey private information – screening to induce information revelation – incentives – the winner’s curse – asymmetric information and public policy – asymmetric information in labour markets: efficiency wage theory.

#### Reference:

1. N. Gregory Mankiw, *Economics: Principles and Applications*, South-Western Learning India Pvt. Ltd., 2007, Chapter-22.
2. Jack Hirshleifer, Amihai Glazer and David Hirshleifer, *Price Theory and Applications: Decisions, Markets and Information*, Cambridge University Press, 2005, Chapter-11.
3. Edwin Mansfield & Gary Yohe, *Microeconomics*, W.W.Norton & Co., 2004, Chapter-17.
4. Hal R. Varian, *Intermediate Microeconomics: A Modern Approach*, Affiliated East West Press, Delhi, 2000, Chapter-36
5. Robert S. Pindyck and Daniel L. Rubinfeld, *Microeconomics*, Prentice Hall of India, 2003, Chapter-17.
6. David M. Kreps, *Microeconomics for Managers*, W.W. Norton & Co., London, 2004, Chapter-18.
7. Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions*, The Dryden Press, Orlando, 1992, Chapter-10.
8. John P. Gould, Edward P. Lazear, *Microeconomic Theory*, Richard D. Irwin Inc., 2003, Chapter-19.
9. A Gravelle and R. Rees, *Microeconomics*, Pearson Education (Singapore) Pvt. Ltd., 2004 (Chapter-22 for supplementary reading).

### **Module-6**

Extension of the traditional theory of the firm: The firm and the profit maximization hypothesis – realism and usefulness of the profit-maximizing hypothesis – Baumol’s theory of sales revenue maximization – Marris’ model of the managerial enterprise – Williamson’s model of managerial discretion – behavioural model of Cyert and March – theory of games (two-person zero-sum and non-zero sum) – Nash equilibrium – decision theory: subject matter and decision rules.

#### **References:**

1. Hal R. Varian, *Intermediate Microeconomics: A Modern Approach*, Affiliated East West Press, Chapter-28
2. James M. Henderson and Richard E. Quandt, *Microeconomic Theory: A Mathematical Approach*, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, 2003, Chapter-8.
3. Koutsoyiannis, *Modern Microeconomics*, Mac Millan, 1979, Chapters-15, 16, 17, 18, 19.
4. Edwin Mansfield & Gary Yohe, *Microeconomics*, W.W.Norton & Co., 2004, Chapter-12.

5. Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions*, The Dryden Press, Orlando, 1992, Chapter-21.
6. Dominick Salvatore, *Microeconomics: Theory and Applications*, Oxford University Press, 2003, Chapter-12.
7. Robert S. Pindyck and Daniel L. Rubinfeld, *Microeconomics*, Prentice Hall of India, 2003, Chapter-13.
8. William J. Baumol, *Economic Theory and Operations Analysis*, Prentice Hall of India Pvt. Ltd., 2000, Chapters-15, 18, 19.
9. David M. Kreps, *Microeconomics for Managers*, W.W. Norton & Co., London, 2004, Chapter-21.
10. Robert Y. Awh, *Microeconomics: Theory and Applications*, John Wiley and Sons, 1976, Chapters-11, 16

### **Module-7**

Theory of product pricing: Basic assumptions underlying the traditional theory of pricing – Hall and Hitch report and the ‘full cost’ pricing principle – attack on marginalist price determination theory – pricing objectives in large corporations – average cost pricing: the mark-up rule – Bain’s limit-pricing theory – Model of Sylos-Labini – Model of Franco Modigliani.

#### **References:**

1. Koutsoyiannis, *Modern Microeconomics*, Mac Millan, 1979, Chapters-11, 12, 13, 14.
2. Dominick Salvatore, *Microeconomics: Theory and Applications*, Oxford University Press, 2003, Chapter-11.
3. Robert Y. Awh, *Microeconomics: Theory and Applications*, John Wiley and Sons, 1976, Chapter-11.

### **Module-8**

Theory of distribution: Controversies in the theory of distribution – Marginal productivity theory: equilibrium in factor markets with perfect competition, monopoly power and monopsony power – Cobb-Douglas function and the constancy of labour’s share – Product exhaustion theorem: Euler’s theorem and the ‘adding up’ controversy – Clark-Wicksteed-Walras product exhaustion theorem – backward rising input supply curve – unions as monopolies – price of inputs in fixed supply: rent and quasi rent – non-homogeneous factors and wage differentials – elasticity of factor substitution – technological progress and income distribution

Alternative distribution theories: The Ricardian model – neo-Keynesian model of Kaldor – Marxian theory – ‘degree of monopoly’ theory of Kalecki – modified model of Pasinetti – Alternative widow’s cruse models.

#### **References:**

1. Dominick Salvatore, *Microeconomics: Theory and Applications*, Oxford University Press, 2003, Chapter-14, 15.
2. Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions*, The Dryden Press, Orlando, 1992, Chapter-22.
3. Robert S. Pindyck and Daniel L. Rubinfeld, *Microeconomics*, Prentice Hall of India, 2003, Chapter-14.
4. William J. Baumol, *Economic Theory and Operations Analysis*, Prentice Hall of India Pvt. Ltd., 2000, Chapter-24.
5. Koutsoyiannis, *Modern Microeconomics*, Mac Millan, 1979, Chapter-21
6. G. C. da Costa, *Value and Distribution in Neoclassical and Classical Systems*, Himalaya Publishing House, Second Edition, 1992, Chapters-12.
7. John P. Gould, Edward P. Lazear, *Microeconomic Theory*, Richard D. Irwin Inc., 2003, Chapter-14.
8. Donald Stevenson Watson and Malcolm Getz, *Price Theory and its Uses*, AITBS Publishers and Distributors, Delhi, 1996, Chapter-21.

## Module-9

General equilibrium: Interdependence in the economy – partial and general equilibrium – Walrasian general equilibrium – two-factor, two-commodity, two-consumer general equilibrium model. – existence, uniqueness and stability of general equilibrium – Brouwer's fixed point theorem.

### References:

1. James M. Henderson and Richard E. Quandt, *Microeconomic Theory: A Mathematical Approach*, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, 2003, Chapter-10.
2. Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions*, The Dryden Press, Orlando, 1992, Chapter-16, 18.
3. Edwin Mansfield & Gary Yohe, *Microeconomics*, W.W.Norton & Co., 2004, Chapter-16.
4. Koutsoyiannis, *Modern Microeconomics*, Mac Millan, 1983, Chapter-22.
5. G. C. da Costa, *Value and Distribution in Neoclassical and Classical Systems*, Himalaya Publishing House, Second Edition, 1992, Chapter-7.
6. William J. Baumol, *Economic Theory and Operations Analysis*, Prentice Hall of India Pvt. Ltd., 2000, Chapters-20.
7. A Gravelle and R. Rees, *Microeconomics*, Pearson Education (Singapore) Pvt. Ltd., 2004 (Chapter-16 for supplementary reading).

## Module-10

Welfare economics: Criteria of social welfare – Maximization of consumer's and producer's surplus – Pareto optimality criterion – perfect competition and Pareto optimality – Kaldor-Hicks compensation criterion – Scitovsky criterion – Bergson criterion – social welfare functions – maximization of social welfare and the point of bliss – determination of the welfare-maximizing output-mix, commodity distribution and resource allocation – misallocation of resources owing to beneficial and detrimental externalities – optimal output of public goods – the theory of second best – Arrow's impossibility theorem on democratic group decisions – Rawlsian concept of justice – fair allocations – envy and equity – equity Vs efficiency – coase theorem.

### References:

1. James M. Henderson and Richard E. Quandt, *Microeconomic Theory: A Mathematical Approach*, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, 2003, Chapter-11.
2. Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions*, The Dryden Press, Orlando, 1992, Chapter-17, 26.
3. Koutsoyiannis, *Modern Microeconomics*, Mac Millan, 1979, Chapter-23.
4. Edwin Mansfield & Gary Yohe, *Microeconomics*, W.W.Norton & Co., 2004, Chapters-16, 18.
5. Hal R. Varian, *Intermediate Microeconomics: A Modern Approach*, Affiliated East West Press, Delhi, 2000, Chapter-31.
6. William J. Baumol, *Economic Theory and Operations Analysis*, Prentice Hall of India Pvt. Ltd., 2000, Chapter-21.
7. Jack Hirshleifer, Amihai Glazer and David Hirshleifer, *Price Theory and Applications: Decisions, Markets and Information*, Cambridge University Press, 2005, Chapter-16.
8. John P. Gould, Edward P. Lazear, *Microeconomic Theory*, Richard D. Irwin Inc., 2003, Chapter-17.
9. A Gravelle and R. Rees, *Microeconomics*, Pearson Education (Singapore) Pvt. Ltd., 2004 (Chapter-17 & 18 for supplementary reading).
10. Robert Y. Awh, *Microeconomics: Theory and Applications*, John Wiley and Sons, 1976, Chapters-19, 20.

## **ECC02 - MACROECONOMICS**

### **Module-1: Development of Macro Economics**

Classical, Keynesian, Neoclassical, Post Keynesian, Neo –Keynesian, New Classical, New Keynesian Developments – New Macro Economics – Investment Multiplier – Static and Dynamic Multiplier – Keynesian Model of Income Determination in Three Sector and Four Sector Economies

### **Module-2: Neo-classical and Keynesian Synthesis**

Hicks-Hansen ISLM Model – General Equilibrium – Relative Effectiveness of Monetary and Fiscal Policies – Keynesian and Classical Versions – Extension of ISLM Model with govt. sector –Extension of ISLM model with Labour market and flexible prices – Unemployment and labour market – Three sector macro model – Keynesian and Neo-classical versions.

### **Module-3: Behavioural Foundations of Macro Economics**

Sectoral Demand Functions – Consumption Demand – Kuznet’s Consumption Puzzle – Absolute Income Hypothesis – Relative Income Hypothesis – Permanent Income Hypothesis – Life Cycle Hypothesis – Inter-temporal Choice in Consumption. Investment Demand – Keynesian Approach – MEC – Post Keynesian Approach – Tobin’s Q-ratio – Accelerator Theory of Investment – Financial Theory of Investment.

### **Module-4: Theory of Demand and Supply of Money**

Classical and Keynesian Approach to demand for and supply of money – Post Keynesian Approach – Real Balance Effect – Pigou, Patinkin, Baumol, Friedman and Tobin – Monetarism and Fiscalism – Money supply in an open economy – High Powered Money – Money Multiplier – Control of Money supply – Behavioural Model of Money supply – Endogenous Money supply theory.

### **Module-5: Macro Economics in an Open Economy**

ISLM Analysis in an open economy – Foreign Exchange Market – Determination of Exchange Rates: Fixed Vs Flexible – Pegging of the currency – Balance of Payment/ Accounts – Disequilibrium in BOP – Depreciation, Appreciation, Revaluation, Devaluation, J-curve Effect – BOP in Keynesian Analysis – Exchange Rates – Money and Capital Flows in an Open Economy – Mundell-Fleming-Keynesian Model – Monetary Approach to Balance of Payments.

### **Module-6: Theory of Inflation and Unemployment**

Keynesian and Monetarist Approach to Inflation – Structuralist Theory of Inflation – Phillips Curve – Short run, Long run Phillips Curve – The Natural Rate of Unemployment Hypothesis – Modified Phillips Curve – Adaptive Expectation Hypothesis – Augmented Phillips Curve – Cost of Inflation and Inflation Targeting – Unemployment and Labour Market – Neoclassical Labour Market Equilibrium – Keynesian Labour Market – Under Employment Equilibrium.

### **Module-7: Current Controversies in Macro Economics**

Keynesian Counter revolution – R. W. Clower, and Leifohnufund – Dual Decision Hypothesis, Walrasian General Equilibrium – Neo-Keynesian Quantity Constrained Model – Rational Expectations – New Classical Macro Economics – Supply side Economics – Laffer Curve – Wedge Model – Real Business Cycle Approach – New Keynesian Economics – Stanley Fischer, Edmund Phelps and John Taylor.



## **Module-8: Macro Economic Policy**

Objectives of Macro Economic Policies – Target Variable and Instrument variable – Main Policy Instrument – Monetary Policy Vs Fiscal Policy Monetary – Okun’s Law – Fiscal Policy and Budget Deficit – Crowding out Effect and Government Budget – Income Policy – Stabilisation Policy – New Cambridge Approach.

### ***References:***

1. Ackley G, Macro Economics; Theory and Policy, Macmillan, New York, 1978
2. Andrew B. Paul and Ben S Bernanke, Macro Economics, Pearson Education, New Delhi
3. Culbertson J. M, Macro Economic Theory and Stabilisation Policy, Mc Graw Hill, Tokyo
4. Dasgupta, A. K. and Hagger, A. J, The Objectives of Macro Economic Policy, Macmillan, London, 1971
5. Denberg, Thomas. F, Macroeconomics: Concepts, Theories and Policies, McGraw-Hill, New York, 1985
6. Eugene Diulio, Theory and Problems of Macro Economics, Schaum’s Outline Series, Mc Graw Hill Publishing Company, Singapore
7. Friedman, M, Studies in the Quantity Theory of Money, The University of Chicago Press, Chicago
8. Gordon R. and S.G. Harris, Macro Economics, Addison Wesley, Massachusetts
9. Keynes, J. M, The General Theory of Employment, Interest and Money, Macmillan, London, 1961
10. Mankiw N. G, Macro Economics
11. Piston, M. H, Theory of Macroeconomic Policy, Philip Allen, Oxford, 1974
12. Prachowney, Martin F. J, The Goals of Macroeconomic Policy, Routledge, London, 1994
13. Richard T Froyen, Macro Economics; Theory and Policy, Macmillan Publishing Co., New York, 1990
14. Rosalind Levacic and Alexander Rebmann, Macro Economics: An Introduction to Keynesian-Neoclassical Controversies, The Macmillan Press Ltd, London
15. Rosalind Levacic and Alexander Rebmann, Macro Economics: An Introduction to Keynesian-Neoclassical Controversies, The Macmillan Press Ltd, London
16. Rudiger Dornbusch, Stanley Fischer and Richard Startz, Macro Economics, Tata Mc Graw Hill Publishing Company Ltd, New Delhi, 1998
17. Salvatore, D, International Economics, Macmillan, New York, 1990
18. Shapiro, E, Macroeconomic Analysis, Galgotia Publications, New Delhi, 1994
19. Snowdown B, H.R Vane and F. Wynarczyk, A Modern Guide to Macro Economics: An introduction to competing schools of thought
20. Snowdown B, H.R Vane and F. Wynarczyk, A Modern Guide to Macro Economics: An introduction to competing schools of thought
21. Sodersten, B, International Economics, Macmillan, New York,
22. Y. P. Venieries and F. D. Sebold, Macro Economic Models and Policy

## **ECC03 - QUANTITATIVE TECHNIQUES FOR ECONOMIC ANALYSIS**

### **Module-1**

Matrix Algebra : Matrices and Vectors - Rank of a Matrix - Matrix and Vector Operations - Laws of operations identity and Null Matrices - Transpose and Inverse -Non-singularity of Matrix - Determinants and their properties - Computation of Inverse using determinants - Solution of simultaneous equations using Cramer's Rule.

### **Module-2**

Standard Distribution : Probability Theory - Additional and Multiplication Theorem - (Conditional Probability) - Mathematical Expectations - Standard Distribution -Binomial - Poisson - Normal - Lognormal - Pareto Distribution - Properties and applications.

### **Module-3**

Population and Sample : Random Sampling - Parameter and Statistic - Sampling from Normal Population - Sampling Distribution and Standard Error - Distribution of  $\chi^2$ ,  $t$ ,  $F$  Central limit theorem - Statement and Application.

### **Module-4**

Theory of estimation: Point estimation - Basic concepts - Unbiasedness, consistency, efficiency and sufficiency - Interval estimation - Basic concepts - Confidence interval for mean, difference of means based on large and small samples.

### **Module-5**

Tests of hypothesis : Basic concepts -- Null and alternative hypothesis - Simple and Composite hypothesis - Two types of errors - Tests concerning means of large and small samples - Tests for difference between means based on large and small samples – Tests concerning proportion and tests of variance using  $F$  and one way Anova - Tests of Goodness of fit and independence of attributes.

### **Module-6**

Research methodology: Meaning of research - objectives - Types of research –Research methods Vs. methodology - Research and scientific methods - Research process – Defining research problems - Selection of research problem - Research design - Need for and feature of good research design.

Note: Sixth Module is not for written examination, but for equipping the students for dissertation work.

### **References:**

1. Taro Yamane, Mathematics for Economists, Printice Hail of India, New Delhi
2. Murray S. Spiegel, Statistics, Schaum Series
3. Murray S. Spiegel, Probability, Schaum Series
4. C.R Khothari, Research Methodology - Methods and Techniques, Wiley Eastern Limited.
5. Alpha C Chiang. Fundamental Methods of Mathematical Economics, Me Graw Hill, 1984.

## **ECC04 - DEVELOPMENT ISSUES OF INDIAN ECONOMY (WITH SPECIAL REFERENCE TO KERALA)**

### **Module-1**

Growth Vs Development: basic need approach- -HDI, GDI and HPI- Sustainable Development- Structural changes in Indian Economy – Agriculture- Commercialization of Indian agriculture- Shift to Industry and Tertiary sectors- debate on Market – Plan-Socialism,-Neo-Liberalism- Washington Consensus-Structural adjustment Programme. Impact of economic recession 2008 on Indian economy

### **Module-2**

Demography, Poverty and Employment – Population statistics- Demographic changes – Ageing- Concepts and measurements of Poverty and Inequality– Amartya Sen – Entitlement and standard of living approach –Capability approach to poverty – gender & poverty – Changing trends & magnitude of unemployment.

### **Module-3**

Agriculture & Industry –changing interrelations- terms of trade between Industry & Agriculture-Markets in agriculture-land and credit markets- New agricultural policies and agrarian crisis- WTO and Indian Agriculture– viz., Agreement on Agriculture with reference to India – Intellectual Property Rights – TRIPs– concepts of Food Security-Food Availability- Food vs. Fuel-Industrial policy of 1991–organized and unorganized sectors- Inclusive growth-Eleventh plan approach-National Rural Employment Guarantee Programme (NREGP), National Rural Health Mission (NRHM).

### **Module-4**

India & Global Economy – Economic reforms– Fiscal reforms – (Raja Chelliah Report, Kelkar Report) – Financial reforms – Narasimham Report (1991, 98)- Exchange Rate Fluctuations-Capital Flows (FDI and FPI)- Balance of Trade (Export and Import)- Impact on Domestic Money Supply – Inflation- Debate on WPI vs. CPI– Balance of Payments – Capital Account Convertibility -WTO – TRIMs —ASEAN

### **Module-5**

A profile of Kerala Economy since its formation –land reforms- Kerala Model of Development – Structural changes in Kerala Economy – Demographic changes – ageing – health – migration – immigration – transformation in labour culture –migrant labour in Kerala, social security of labour- Commercialization of Agriculture-Shift from food to cash crops- Emerging issues – formation of SEZs- Kerala & WTO – Fisheries and Plantation sectors- land market in Kerala– People’s plan – role of Panchayat Raj – ICT and development- women empowerment- role of micro finance- Privatization and human capital formation - Kerala’s higher education.

### **References:**

1. A P Thirlwall: Growth and Development, 6<sup>th</sup> Edition Macmillan Press Ltd., 1999
2. Vijay Joshi & IMD Little: India’s Economic Reforms; OUP, New Delhi,1991-2001
3. Nayyar Deepak, Liberalization And Development: Collected Essays, OUP, 2008.
4. Bhagavathi, Jagadish: India in Transition: OUP, 1993.
5. Bimal Jalan: 1992, Indian Economic Crisis: The Way Ahead; OUP, New Delhi,

6. Amartya Sen: Poverty and Famine-An Essay on Entitlement and Deprivation; OUP, New Delhi,1982
7. \_\_\_\_\_: The Standard of Living: Tanner Lectures – CUP,1987  
\_\_\_\_\_ : India-Development and Participation; OUP, 2002
8. -----: On economic inequality, Clanderon Press, Oxford, 1973
9. *RBI (website: rbi.org): Database on Indian Economy*
10. Bardhan, Pranab 1994: The Political Economy of Development in India; OUP, New Delhi,
11. V M Dandekar: The Indian Economy 1947-97; Transforming Traditional Agriculture Vol. I
12. A P Thirlwall: Growth and Development, 6<sup>th</sup> Edition Macmillan Press Ltd., 1999
13. Vijay Joshi & IMD Little: India's Economic Reforms; OUP, New Delhi,1991-2001
14. Uma Kapila 2008-09: India's Economic development since 1947, 3<sup>rd</sup> edition, Academic Foundation, New Delhi.
15. ....Recent Developments in Indian Economy, Part 3 & 4, Academic Foundation New Delhi, 1994&95
16. R K Sinha: Economic Development, Planning and Policy in India; Deep&Deep,1998
17. Robert, E B Lucas and Gustar F Papanek; Indian Economy-Recent Developments and Future Prospects; OUP, New Delhi,1989
18. Terence J Byres, Major Debates on Indian Economy, OUP, 1999.
19. Ruddar Dutt & KPM Sundaram: Indian Economy; S Chand & Co. Ltd., New Delhi, 2009
20. A D N Bajpai, S K Chaubey, N G Pendsc, S K Shrivastava: Emerging Trends in Indian Economy; Atlantic Publishers & Distributors, New Delhi, 1995
21. Basu, Kaushik, ed, India's emerging economy, OUP, 2007.
22. RBI monthly bulletin.
23. Nayyar Deepak, Liberalization And Development: Collected Essays, OUP, 2008.
24. Patnaik, Prabhat: Time, Inflation And Growth: Some Macroeconomic Themes In An Indian Perspective (R.C. Dutt Lectures On Political Economy, 1984), Orient Longman, 1988.
25. S. S. Tarapore: Issues in Financial Sector Reforms; UBS Publishers & Distributors Ltd., New Delhi, 2000, 2006.
26. C. Rangarajan: Indian Economy; UBS Publishers & Distributors Ltd., New Delhi, 1998
27. ----- 2000: Select Essays on Indian economy, Vol. 1 &2
28. Bhagavathi, Jagadish: India in Transition: OUP, 1993.
29. Bimal Jalan: 1992, Indian Economic Crisis: The Way Ahead; OUP, New Delhi,
30. ....1996, India's Economic Policy Preparing for the 21<sup>st</sup> Century; Penguin, New Delhi,
31. C T Kurian: Poverty, Planning and Social Transformations – An Alternative in Development Planning; Allied Publishers, New Delhi, 1978
32. -----: The Economy: An interpretative introduction, Sage Publications,
33. George K.K 1993: Limits to Kerala Model of Development: an analysis of fiscal crisis and its implications, CDS, Trivandrum.
34. Gulati, Leela 1993: In the absence of their men: the impact of male migration on women, Sage.
35. Parayil, Govindan (ed), 2000: Kerala: The Development Experience: Reflections On Sustainability And Replicability, Zed Books.
36. Frank, Richard & T.M.Thomas Issac 2000, local democracy and Development: people's plan for decentralized planning in Kerala
37. P. P. Pillai: Kerala Economy- Four Decades of Development; 1994
38. M A Oommen: Essays on Kerala Economy
39. B A Prakash: Kerala Economy-Problems and Prospects; Sage Publications, New Delhi,1994
40. P Surendran: The Kerala Economy; Vrinda Publications, New Delhi, 1999 & 2002.

## **ECC05- ENVIRONMENTAL ECONOMICS**

### **Module-1**

The economy and environment. Inter linkages between the economy and environment. Material balance model and the law of thermodynamics - environmental ethics. Resource taxonomy – economics of natural resources – managing renewable and non renewable resources – common property resources.

### **Module-2**

Economics of sustainable development – indicators of sustainability – Hartwick, Solow approach. Safe minimum standard – Daly’s operational principle – water conservation and watershed management – World Summit on Sustainable Development. Climate change-issues and approaches – India and climate change. Montreal Protocol and amendments – five principle of economic incentives for tackling international environmental problems – full cost principle, cost effectiveness principle, property right principle, sustainability principle and the information principle.

### **Module-3**

Environment Impact Assessment (EIA). Environmental planning and management. Strategic environmental management. Accounting for environment. Human population and environment. Environment and health.

### **Module-4**

Carbon taxes and carbon emission trading – economic and distribution impacts of carbon taxes – biodiversity – value of biodiversity and threads to biodiversity in India. Major environmental laws in India.

### **Module-5**

Regulating pollution – command and control – economic incentives for environmental protection (price, rationing, liability rules, quantity rationing, pollution taxes, tradable pollution permits). Cost-benefit Analysis.

### **References:**

1. Tom Tietenberg (2004), Environmental and Natural Resource Economics; Pearson
2. Prakash Vohra & Ragesh Mehta (2007), Environmental Economics; Commonwealth Publishers, New Delhi.
3. Charles D. Kolstad (2000), Environmental Economics; Oxford University Press.
4. Nick Hanley & Collin J. Roberts (2002), Blackwell Publishers Oxford.
5. Nick Hanley, Jagonf, Shogern and Benwhite, Environmental Economics; Macmilian 1997.
6. Saxeena H M (2006), Environmental Studies: Rawat Publications.
7. Misra S P & Pandey S N (2009), Essential environmental Studies; Ane Book Pvt. Ltd.
8. Aravind Kumar (2004), Environment and Health, APH Publishing Co., New Delhi.
9. U. Shankar, Environmental Economics.
10. Russel S Clifford (2001), Applying Economics to Environment; Oxford University Press.
11. Pavithran K V (2008), A Text Book of Environmental Economics; New Age Publications.

## **ECC06 - DEVELOPMENT ECONOMICS**

### **Module-1**

Economic Growth and Development – Underdevelopment – Characteristics - Sources and Measurement (National Income, Per capita Income, PQLI, HDI – Simon Kuznet, A. K. Sen – Development experience of Nations: An Overview – Factors of Development – Crisis of Growth and Development.

### **Module-2**

Traditional Theories of Development – Adam Smith, David Ricardo, W.W. Rostow, Karl Marx, Ragnar Nurkse, Arthur Lewis, Fei-Ranis, A. O. Hirschman, Rosenstein Rodan – Vicious Circle of Poverty – Low Level Equilibrium Trap – Critical Minimum Effort Thesis – Theories of Dualism.

### **Module-3**

Modern Theories of Development – Harrod-Domar Model, Kaldor, Robinson, – Role of Capital and Human Capital for Economic Development – Technology and Technical Progress – Choice of Technology.

### **Module-4**

Role of Economic Planning – Annual Plans, Perspective Plans – Indian Plan Models – Domar, Mahalanobis, Input-Output Models, Export-Led Growth Strategy – Backwash Effect – Globalisation – Global Integration.

### **References:**

1. Todaro, Michael P, Economic Development, Addison Wesley Longman, Ltd, London 1997
2. Todaro, Michael P, Economic Development in the Third World, Orient Longman, New Delhi, 1987
3. Todaro, Michael P, Economics for Developing World, Longman Group Ltd, London, 1979
4. Meier, M. Gerald, Economic Development: Theory, History and Policy, Asia Publishing House, Bombay
5. Meier, M. Gerald, Leading Issues in Economic Development, Oxford University Press, New Delhi, 1999
6. Meier, M. Gerald, Leading Issues in Economic Development: Studies in International Poverty, Oxford University Press, Hong Kong, 1975
7. Galbraith, John Kenneth, Economics and the Art of Controversy, Oxford and IBH Publishing Co. Calcutta
8. Galbraith, John Kenneth, The Affluent Society, Penguin Books Ltd, England
9. Galbraith, John Kenneth, The World Reference Encyclopedia, Galley Press, London
10. Myrdal, Gunnar, Asian Drama, The Colonial Press, USA, 1968
11. Myrdal, Gunnar, Economic Theory and Underdeveloped Regions, Vora and Co. Publishing Pvt. Ltd, Bombay 1966
12. Higgins, Benjamin, Economic Development, University Book Stall, New Delhi, 1999
13. Higgins, Benjamin, Economic Development: Principles, Problems and Policies, Central Book Department, Allahabad, 1966
14. Thirlwall, A. P, Growth and Development, Palgrave Macmillan, New York 2003
15. Thirlwall, A. P, Growth and Development with special reference to Developing Economies, ELBS, Hong Kong, 1994
16. Amartya Sen, Development as Freedom, Oxford University Press, New Delhi, 1999
17. Arthur Lewis, Development Planning, The Essentials of Economic Policy, Allen and Unwin, Ltd, London
18. Harbison Frederick, Education, Manpower and Economic Growth, Strategies of Human Resource Development, Oxford and IBH Publishing Co. 1974

## ECC07 - INTERNATIONAL ECONOMICS

### Module-1

Determinants of Trade - Classical theories of trade - Absolute differences in costs- Comparative costs - Opportunity costs - Reciprocal demand- Heckscher-Ohlin theory - Leontief paradox - Factor price equalization theorem - Stolper - Samuelson theorem - Rebezynski theorem- The terms of trade- Factors effecting the terms of trade- Offer curve- box diagram.

### Module-2

New theories of International Trade- Economic growth and international trade-production effects- consumption effects- combined production and consumption effects of growth — Theory of Immiserising growth - Prebisch- singer model -Application to developing countries.

### Module-3

Commercial policies of trade - Tariffs - Effects of tariffs under partial and general equilibrium perspective - optimum tariffs - Tariffs retaliation - Tariff and welfare -Quotas - Dumping -Tariffs and non-tariff constrains- Free trade and protection -Economic integration - Customs union - Trade creation and trade diversion.

### Module-4

Balance of payment - Accounting method - Adjustment theory-Exchange depreciation and devaluation - Internal and external balance - Theories of Balance of payment- The Elasticity approach- The Marshall- Lerner Mechanism- The Absorption approach- The Monetary approach— Foreign trade multiplier — Foreign Exchange rate policy- Fixed Exchanges- Flexible Exchanges- Exchange rate regimes.

### Module-5

International trade and World Trade Organization - Multinationals-IMF --World Bank- ADB and developing countries - India's foreign trade and balance of payments- Foreign trade policies-FERA and FEMA -Associations of regional co-operation- SAARC-Significance of regional trade organizations

### References:

1. Chacoliades: International trade, Theory and Policy, McGraw Mills, 1978.
2. Kindleberger C.B., International Economics, Taraporewala and Sons, Bombay.
3. Sodersten. B.O: International Economics, Macmillan, London, 1980.
4. Deepak Nayyar: Trade and Industrialisation, Oxford University Press, 1997.
5. Jagadish Bhagavathi: Writings on International Economics (ed) Balasubramanyam, Oxford University Press.
6. .... Theory and Practice of Commercial Policy, 1968
7. Meier G.M: International Economics of Development, Harper and Row, New York, 1968
8. .... problems of a World Monetary Policy: Brettonwoods and After; Macmillan, London.
9. Bardhan P.K: Economic Growth Development and Foreign Trade Wilet New York, 1970.
10. Jagadish Bhagavathi and Ronald W.Jones: Trade Balance of Payments and Growth, North Holland Nayyar, ;
11. . .... A Stream of Windows: Unsetting Reflections on Trade, Immigration and Democracy; OUP.
12. Mundell. R.A: The Appropriate Use of Fiscal and Monetary Policy for International External Stability, IMF. Staff Courses; 1962.
13. Scammel W: International Policy,; Brettonwoods and After; Macmillan, London. 1975.
14. Machlup,F: International Monetary Economics, George Alien and Unwin , London; 1970.
15. Evan Luard: The Management of the World Economy,. Macmillan, London; 1983.
16. M.R. Aggarval: International Institutions and Economic Development of Underdeveloped Countries; Indian Economic Association,
17. Nagesh Kumar: Foreign Direct Investment and the WTO; OIP.

## **ECE08- PUBLIC ECONOMICS**

### **Module-1**

Theory of Social and Private Goods – social goods and market failure – provision for social goods – models of efficient allocation – mixed goods – theory of optimal distribution – approaches to distributive justice.

### **Module-2**

Structure and growth of public expenditure – role of public expenditure – criteria for public expenditure – principles of expenditure evaluation – decision rules – fundamentals of project evaluation – types and measurements of benefits and costs of projects. Trends, issues and growth of public expenditure in India.

### **Module-3**

Public Revenue – Sources of revenue – theory of optimal taxation – tax incidence under various market structure – measuring of incidence. Tax reforms in India: Chelliah Committee Report, long term reforms in India's indirect tax structure, Indirect-Taxation Committee Report

### **Module-4**

Fiscal Policy: Classical and modern concept – sound finance and functional finance – monetary Vs. fiscal policy – Fiscal deficit in macroeconomic perspectives – public borrowing – burden of public debt – principles of debt management – reforms in budgeting.

### **Module-5**

Fiscal Federalism: Division of powers and functions – central-state financial relations in India – vertical and horizontal imbalance in inter-governmental transfer in India – modified Gadgil Formula – local finance – emerging issues in local financial relations in India – Finance

### **References:**

#### **Module-1**

1. Musgrave & Musgrave, Public Finance in Theory and Practice: Ch. 1, 4 & 5.
2. John.C. Winfrey : Public Finance, Public Choice and The Public Economy -Harper &Row Publishers, New York, Part-1, chapters 1-5.
3. Browning, J.M. & Browning E.K.- Public Finance & the Price System, Macmillan, New York. Chapters 1-5

#### **Module-2**

1. Musgrave & Musgrave, Ch. 7 & 9.
2. Sudipto Mundle & Govind Rao : Public Expenditure in India : Trends & Issues in Public Finance-Policy Issues for India (ed.) Sudipto Mundle.
3. Peacock. A.T. & Wiseman.J. : The Growth of Public Expenditure in the U.K. George Allen & Unwin Ltd. 1967.
4. Browning, Ch. 4 & 8.

#### **Module-3**

1. Dwivedi. D.N: Reading in Indian Public Finance, Wiley Eastern Ltd, New Delhi, 1994.
2. Musgrave & Musgrave, Ch.12-17.
3. Krit S. Parik, Indian Development Report, 1997-2000, OUP.
4. Browning, Ch. 10.

#### **Module-4**

1. Sudipto Mundle and Govind Rao.M. Issues in Fiscal Policy in the Indian Economy (ed) by Bimal Jalan.
2. Dwivedi. D.N. : Readings in Indian Public Finance, Ch. 2-3.
3. Standford C. T., The Economics of Public Finance, Pergamon Press, Oxford–Ch.11&12.



**Module-5**

1. Musgrave & Musgrave, Ch.12-17.
2. Chelliah. R.J. and Associates (NIPFP) Trends & Issues in Indian Federal Finance, chapter, 2-4.
3. Govind Rao. : Indian Fiscal federalism, major issues in Public Finance (ed) by Sudipto Mundle, 1997.
4. Gulathi. I.S. and George. K.K : Essays in federal Financial Relations, Oxford 1611,1988.
5. David Novick, Programme Budgeting, Programme Analysis and the Federal Government, Harvard University Press.
6. Reports of Finance Commission.
7. Reports of State Finance Commission.

## ECC09 - BASIC ECONOMETRICS

### Module-1

Definition and scope of Econometrics - methodology of econometrics - nature and sources of data for econometric analysis - contribution of econometric methods to the development of Economics - limitations of econometric methods.

### Module-2

Two-variable regression analysis : Stochastic and non-stochastic relations - the concept of 'population regression function' and its stochastic specifications - the 'sample regression function' - 'ordinary least-squares' (OLS) method of constructing 'sample regression function' - estimation of regression parameters - assumptions underlying classical linear regression model - properties of least-squares estimators - coefficient of determination  $r^2$  as a measure of 'goodness of fit'.

### Module-3

Violation of the assumptions of classical linear regression model : Autocorrelation and heteroscedasticity - meaning, sources, methods of detection, consequences and remedial measures.

### Module

Further problems of regression analysis : Multiple regression model and multicollinearity - consequences of multicollinearity - remedial measures - specification bias - lagged variables and distributed lag models (general form only)

### Module-4

Dummy (or binary) variables : Nature of dummy variables - regression on dummy variables (one quantitative variable and one qualitative variable) - Uses of dummy variables - dummy variables and heteroscedasticity - dummy variables and autocorrelation - dummy variable trap.

### Reference:

Damodar N. Gujarati, Basic Econometrics, Third Edition, Me Graw-Hill [basic text book for compulsory reading]

### Supplementary Reading:

1. Koutsoyiannis, Theory of Econometrics, Mac Millan.
2. D. Intriligator, Econometric Models, Prentice Hall of India.
3. Johnston. Econometric Methods, Me Graw-Hill.'
4. G.M.K Madnani, Introduction to Econometrics : Principles and Applications, Oxford and IBM Publishing Company.
5. Damodar N. Gujarati, Essentials of Econometrics, Me Graw-Hill, 1992.

### Module- wise reference:

#### Module-1

1. Damodar N. Gujarati, Essentials of Econometrics, Me Graw-Hill, 1992, Chapter -1
2. Damodar N. Gujarati, Basic Econometrics, McGraw-Hill, 1995, Introduction and Chapter-1
3. Michael D. Intriligator, Econometric Models, Techniques and Applications, Prentice Hall of India, New Delhi, 1980, Chapters 1 and 3.
4. Johnston, Econometric Methods (Second Edition), McGraw-Hill, Kogakuzha Ltd. Chapter-1.
5. A Koutsoyiannis, Theory of Econometrics, An Introductory Exposition of Econometric Methods (Second edition), Mc Millan Chapters I and 2.
6. G.M.K Madnani. Introduction to Econometrics : Principles and Applications (Second Edition), Oxford and IBII Publishing Company, Chapter - 4.

## **Module-2**

1. Damodar N Gujarati, Essentials of Econometrics, Chapters 5 and 6.
2. Damodar N Gujarati, Basic Econometrics, Chapter 2 and 3.
3. Johnston, Econometric Methods, Chapter- 2.
4. A. Koutsoyiannis. Theory of Econometrics, Chapters 4 and 6.
5. G.M.K Madnani. Introduction to Econometrics (Second Edition), Chapter- 5.

## **Module-3**

1. Damodar N Gujarati, Essentials of Econometrics, Chapters 11 and 12.
2. Damodar N Gujarati, Basic Econometrics, Chapter 11 and 12.
3. Koutsoyiannis. Theory of Econometrics, Chapter 10.
4. Johnston, Econometric Methods, Chapter- 8.
5. G.M.K Madnani. Introduction to Econometrics, Chapter - 9.

## **Module-4**

1. Damodar N Gujarati. Essentials of Econometrics, Chapters 10 and 14.
2. Damodar N Gujarati, Basic Econometrics, Chapter 10.
3. A. Koutsoyiannis, Theory of Econometrics, Chapter 10 and 13.
4. G.M.K Madnani, Introduction Econometrics, Chapter - 10.

## **Module-5**

1. Damodar N Gujarati, Essentials of Econometrics, Chapters 9.
2. Damodar N Gujarati, Basic Econometrics, Chapter 15.
3. Johnston, Econometric Methods, Chapter - 6.
4. G.M.K Madnani. Introduction to Econometrics, Chapter - 11.

## **ECC10 - FINANCIAL MARKETS**

### **Module-1**

Financial System – importance and functions – Financial Markets – Importance – Components of Financial Market – Money Market – Institutions and Instruments – Developed and Underdeveloped Money Market – Features of Indian Money Market – Capital Market – Institutions and Instruments – Bonds – Stocks – Equities – Shares – Debentures - Features of Indian Capital Market – Derivative Market – Instruments and concepts.

### **Module-2**

Banking & Non-Banking Financial Intermediaries – Central Bank – Functions and Importance – Monetary Policy – Role of RBI – Other Apex Banks in India – Commercial Banks – Scheduled & Non-Scheduled – Functions & Principles of Commercial Banks – Nationalisation – Credit Instruments – Types of Accounts – Balance Sheet – Process of credit creation – New Developments – Automation – Core-banking – NBFIs – Development Banks – Insurance Companies – Mutual Funds – Merchant Banking – Venture Capital.

### **Module -3**

Time Value of Money – Discounting and Compounding - Present and Future Value of Single Amount – Present and Future Value of Annuity – Present Value of Perpetuity – Valuation of Bonds, Equities, Stocks – Dividend Discount Model – The Price/Earning Ratio Approach.

#### **Module -4**

Risk and Return Analysis – Types, Source and Measures of Risk – Rate of Return – Measurement of Return – Determination of Beta – Risk and Return of a Single Asset – Risk and Return of a Portfolio – Portfolio Theory – Markowitz Model – CAPM – Portfolio Management – Definition and Importance – Portfolio Strategy – Formulation, Execution and Evaluation.

#### **References:**

1. Amencm, Noel and V´eronique Le Sourd, Portfolio Theory and Performance Analysis, John Wiley & Sons, Ltd. (UK), 2003.
2. Anthony Saunders, Anthony, and Marcia Millon Cornett, Financial Markets and Institutions, A modern Perspective, Tata Me Graw Hill.
3. Avadhani, V. A., Financial Economics-Theory and Practice - Millennium Ed., Himalaya Pub.
4. Bailey, E. Roy, The Economics of Financial Markets, Cambridge University Press, New York, 2005.
5. Baye, Michael and Dennis W Jansen, Money Banking and Financial Markets, An Economic Approach, Texas and A M University.
6. Bhole, L. M., Financial Institutions and Markets-Structure, Growth and Innovations, Tata McGraw Hill, New Delhi.
7. Chandra, Prasanna, Financial Management, 7<sup>th</sup> Edition, Tata McGraw Hill, New Delhi, 2008.
8. \_\_\_\_\_, Investment Analysis and Portfolio Management, 3<sup>rd</sup> Edition, Tata McGraw Hill, New Delhi, 2009.
9. \_\_\_\_\_, Managing Investments, Tata McGraw Hill.
10. Fabozzi, Frank J. and Harry M. Markowitz (Ed.), The Theory and Practice of Investment Management, John Wiley & Sons, Inc., Hoboken, New Jersey, 2002.
11. Hanson, James A. and Sanjay Kathuria, *India, A Financial Sector for the 21<sup>st</sup> Century*, Oxford University press.
12. Khan, M. V., Indian Financial system', Tata McGraw Hill.
13. Kohn, Meir, Financial Institutions and Markets, Tata McGraw Hill.

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**KANNUR UNIVERSITY**  
**M.A ECONOMICS PROGRAMME UNDER SDE**  
**MODEL QUESTION PAPERS**

**ECC01 - MICRO ECONOMICS**

Time: 3 Hours

Total Marks:150

**PART – A**

**Objective Type Questions**

1. Diminishing marginal utility of income generally implies
  - a) Risk-preference
  - b) Risk-aversion
  - c) Risk-certainty indifference
  - d) Uncertainty-preference
2. The risk associated with the holding of a portfolio is given by the ..... of the probability distribution of returns.
  - a) Mean
  - b) Median
  - c) Variance
  - d) Geometric mean
3. Hick's "A Revision of Demand Theory" differs from his "Value and Capital" in the sense that the former .....
  - a) Assumes the consumer to be rational
  - b) Is based on the assumption of scale of preference
  - c) Discards indifference-curves
  - d) Is based on the assumption of strong ordering
4. Demand functions expressing the idea that current purchasing decisions are influenced by past behaviour of variable can take the form of .....
  - a) Linear Expenditure Systems
  - b) Static demand function
  - c) Quantity constrained models
  - d) Distributed lag models
5. Slope of the production-possibility curve is known as .....
  - a) Marginal rate of technical substitution
  - b) Marginal rate of substitution
  - c) Marginal rate of product transformation
  - d) Elasticity of substitution
6. Input-output isoquant takes the shape of .....
  - a) Right angles
  - b) kinked isoquant
  - c) Linear isoquant
  - d) Convex isoquant
7. In linear programming, the unutilized units of a factor of production is described by the term .....
  - a) Slack variable
  - b) Ordinary variable
  - c) Null variable
  - d) Structural variable
8. If there are 'n' firms in Cournot's oligopoly model with costless production, the industry output in equilibrium will be .....
  - a)  $1/(n+1)$
  - b)  $n/(n+1)$
  - c)  $n(n+1)$
  - d)  $n^2/(n+1)$
9. Slope of the production-possibility curve is known as .....
  - a) Marginal rate of technical substitution
  - b) Marginal rate of substitution
  - c) Marginal rate of product transformation
  - d) Elasticity of substitution
10. Input-output isoquant takes the shape of .....
  - a) Right angles
  - b) kinked isoquant
  - c) Linear isoquant
  - d) Convex isoquant

**10x2 = 20**

## **PART- B**

**Answer any EIGHT questions.**

**Answers should not exceed one and a half page each.**

11. Write a short note on economic models.
12. Explain 'contingent consumption plan'.
13. Explain portfolio diversification and the rationale behind it.
14. Write a short note on 'distributed lag models' of demand.
15. Explain 'constant elasticity demand function'.
16. Explain 'linear homogeneous production function' and bring out its implications.
17. Show that for Cobb-Douglas production function, elasticity of substitution is equal to unity.
18. Explain why the demand curve is indeterminate under conditions of oligopoly.
19. Illustrate the method of preparing the dual of a primal linear programming problem
20. Asymmetric information leads to the problem of moral hazard in insurance market-explain.

**(8 x 5 = 40)**

## **PART-C**

**Answer any five questions.**

**Answers should not exceed two and a half page each.**

21. Explain the Neumann-Morgenstern method of constructing cardinal utility index.
22. Explain the 'direct consistency tests' developed by Hicks in his "A Revision of Demand Theory".
23. Explain utility maximization from attributes.
24. Explain how decisions on price and output are taken in a cartel that aims at the maximization of joint profit.
25. Examine how Sweezy portrays the problem of price rigidity with the help of kinked demand curve.
26. Explain Cournot's oligopoly model of stable equilibrium.
27. Explain Edgeworth's oligopoly model of 'unstable equilibrium'.

**(5 x 10=50)**

## **PART-D**

**Answer any two questions.**

**Each answer should not exceed six pages.**

28. Briefly explain the theory of intertemporal choice by the consumers.
29. Bring out the major problems caused by asymmetric information with the efficient functioning of a market.
30. Explain how the input-output analysis can be used to determine the output levels in each one of the interdependent sectors in an economy.
31. Explain Cournot's oligopoly model of stable equilibrium.

**(2 x 20=40)**

## ECC02 - MACRO ECONOMICS

Time: 3 Hours

Total Marks:150

### Part A

#### Objective Type Questions

1. According to Baumol's theory of demand for money:
  - (a) Transaction demand for money is interest inelastic
  - (b) Speculative demand for money is interest inelastic
  - (c) Transaction demand for money is interest elastic
  - (d) Speculative demand for money depends on level of income
2. Accelerator measures:
  - (a) Change in consumption due to change in income
  - (b) Change in income due to change in investment
  - (c) Change in investment due to change in income
  - (d) Change in savings due to change in income
3. Rational Expectation is associated with:
  - (a) Monetarists
  - (b) Keynesians
  - (c) New classicals
  - (d) None of these
4. Liquidity trap gives rise to:
  - (a) Vertical LM schedule
  - (b) Vertical IS schedule
  - (c) Horizontal LM schedule
  - (d) Horizontal IS schedule
5. Phillip's curve traces relationship between:
  - (a) Rate of inflation and real wages
  - (b) Rate of inflation and unemployment
  - (c) Nominal wages and rate of employment
  - (d) Real wages and rate of employment
6. The IS curve depicts:
  - (a) Goods market equilibrium
  - (b) Money market equilibrium
  - (c) Labour market equilibrium
  - (d) Bond market equilibrium
7. Speculative demand for money is inversely related to:
  - (a) Income
  - (b) Money supply
  - (c) Rate of interest
  - (d) Investment
8. The term notional demand was coined by:
  - (a) Walras
  - (b) J. B. Say
  - (c) Clower
  - (d) Lange
9. Speculative demand for money is inversely related to:
  - (a) Income
  - (b) Money supply
  - (c) Rate of interest
  - (d) Investment
10. The term notional demand was coined by:
  - (a) Walras
  - (b) J. B. Say
  - (c) Clower
  - (d) Lange

**10x2 = 20**

**Part B**

**Answer any EIGHT questions.**

**Each answer should not exceed *one and a half* pages.**

11. Explain Keynes' Effect.
12. Why is high powered money known as monetary base?
  13. What are the basic themes of Monetarism?
  14. Explain Real balance Effect.
  15. Explain Inside Money and Outside Money.
  16. What is meant by classical dichotomy?
  17. Explain the relative income hypothesis.
  18. Explain Tobin's theory of demand for money.
  19. What is Stagflation?
  20. Differentiate among investment, net investment and replacement investment.

(8x5=40)

**Part C**

**Answer any *five* questions.**

**Each answer should not exceed *two and half* a pages.**

21. Why is Keynes' theory not applicable to long-run problems of economic growth?
22. Examine the interaction between Multiplier and Accelerator.
23. Give a brief account of supply side economics.
24. What is Tobin's  $q$  ratio? Explain its implications.
25. Distinguish between Classical and Keynesian theories of output and employment.
26. Explain the different measures of money supply.
27. Explain the concept of Rational Expectations

(5x10=50)

**Part D**

**Answer any *two* questions.**

**Each answer should not exceed *six* pages.**

28. Discuss the Absorption theory of Balance of Payments.
29. Discuss the Mundel-Fleming open economy model.
30. Explain the fiscal and monetary policy analysis using the IS-LM model.
31. Explain the Neo-Keynesian Quantity constrained models.

(2x20=40)



## ECC03 - QUANTITATIVE METHODS FOR ECONOMIC ANALYSIS

Time: 3 Hours

Total Marks:150

### PART – A Objective Type Questions

- Rank of a matrix is defined as
  - the maximum number of linearly independent columns of a matrix
  - The order of highest minor
  - The sum of diagonal elements
  - the largest column sum
- A matrix B for which  $B^2 = B$  is called
  - singular
  - Idempotent
  - Identity matrix
  - nilpotent
- A probability distribution for which mean is greater than variance is
  - Poisson
  - Binomial
  - Lognormal
  - Pareto
- Any function of sample values is called
  - parameter
  - hypothesis
  - statistic
  - None
- In a Poisson distribution with parameter  $\lambda$ ,  $P(X = 0) = P(X = 1)$ . The value of  $\lambda$  is
  - 0
  - 1
  - 2
  - 3
- The standard error is
  - directly proportional to the sample size
  - inversely proportional to the sample size
  - equal to the sample size
  - None of these
- An estimator is said to be efficient if it has
  - Maximum variance
  - Minimum variance
  - Mean=Variance
  - Mean=Standard deviation
- Type II error is committed if we
  - Accept  $H_0$  when it is true
  - Reject  $H_0$  when it is false
  - Reject  $H_0$  when it is true
  - Accept  $H_0$  when it is false
- A matrix B for which  $B^2 = B$  is called
  - singular
  - Idempotent
  - Identity matrix
  - nilpotent
- A probability distribution for which mean is greater than variance is
  - Poisson
  - Binomial
  - Lognormal
  - Pareto

(10x 2 = 20)

### PART- B Answer any EIGHT questions.

11. Find A and B if

$$A + B = \begin{bmatrix} 11 & 7 & 2 \\ 8 & 9 & 2 \end{bmatrix}$$

and

$$A - B = \begin{bmatrix} -3 & 3 & 4 \\ -4 & -1 & -6 \end{bmatrix}$$

12. If

i.  $A = \begin{bmatrix} 4 & 2 \\ 1 & 1 \end{bmatrix}$

13. find  $(A - 2I)(A - 3I)$  where  $I$  is the second order identity matrix.

Define

b. Independent events

ii) Conditional probability.

14. Define binomial distribution in the usual notations.

15. Distinguish between population and sample.

16. Define 't' statistic.

17. Distinguish between an estimator and an estimate.

18. What are the desirable properties of a good estimator?

19. Define level of significance and power of a test.

20. Define test statistic and critical region.

(8 x 5 = 40)

### PART-C

Answer any five questions.

21. If

$$A = \begin{bmatrix} 1 & 2 & 3 \\ -1 & 0 & 4 \end{bmatrix}$$

$$B = \begin{bmatrix} 1 & 2 \\ 3 & 0 \\ -2 & 4 \end{bmatrix}$$

$$C = \begin{bmatrix} 2 & 4 \\ -6 & 3 \\ 1 & 5 \end{bmatrix}$$

then verify that  $A(B + C) = AB + AC$ .

22. Evaluate the determinant

$$\begin{bmatrix} 1 & a & b+c \\ 1 & b & c+a \\ 1 & c & a+b \end{bmatrix}$$

23. A purse contains 2 silver and 4 copper coins. Another purse contains 4 silver and 5 copper coins. If a coin is selected at random from one of the two purses, what is the probability that it is a silver coin?

24. Describe Pareto distribution. Bring out its importance in economic analysis.

25. Suppose a sample of 500 people were interviewed and 200 of them stated that they were in favour of a certain candidate for president. Obtain 95% confidence interval for the population proportion in favour of the said candidate.

26. The mean of a random sample of 1000 and 2000 are 67.5 and 68 respectively. Can the random samples be regarded as drawn from the same population with  $\sigma = 2.5$ .

27. Describe Pareto distribution. Bring out its importance in economic analysis.

(5 x 2=10)

**PART-D**

**Answer any two questions.**

28. Find the inverse of the matrix.

$$A = \begin{vmatrix} 1 & 2 & 1 \\ 1 & -1 & 1 \\ 2 & 0 & 1 \end{vmatrix}$$

29. A factory has two machines. Past records show that machine I produces 30% of the items of output and machine II produces 70% of the item. Further 5% of the items produced by machine I were defective and only 1% produced by machine II were defective. If a defective item is drawn at random, what is the probability that the defective items were produced by machine I? Which principle was adopted for obtaining the probability?
30. Explain the  $\chi^2$  – test for testing the independence of attributes. A certain drug and sugar pills were administered to 164 patients and the data is given below. Test whether the drug is effective or not over the sugar pills.

	Helped	Harmed	No effect
Drugs	50	10	20
Sugar pills	44	12	26

31. Define:

i) Uniform distribution

ii) Exponential distribution

Find their moment generating functions and hence find their first raw and second central moments.

(2 x 4=8)

**ECC04 - DEVELOPMENT ISSUES OF INDIAN ECONOMY**  
**(With special reference to Kerala)**

Time: 3 Hours

Total marks:150

**PART – A**  
**Objective Type Questions**

1. Mahalanobis Model laid great emphasis on the development of
  - a) Agriculture
  - b) Heavy Industries
  - c) Energy
  - d) Science and Technology
2. Sixth Ministerial Conference of WTO was held at
  - a) Concu
  - b) Doha.
  - c) Hong Kong
  - d) Singapore
3. The Union Minister of Commerce is:
  - a) Manishankar Iyer
  - b) Priyaranjandas Munsri
  - c) Sharad Pawar
  - d) Kamalnath
4. National Income was first estimated in India by:
  - a) Dadabhai Navoji
  - b) Bala Gangadar Tilak
  - c) Mahalnobis
  - d) Kaldor
5. Public debt of Kerala State Government during 2004-05 is
  - a) Rs. 42766 Crore
  - b) Rs. 8821 Crore
  - c) Rs. 56766 Crore
  - d) Rs. 42786 Crore
6. The sex ratio is the highest in:
  - a) Punjab
  - b) Hariyana
  - c) Kerala
  - d) Karanataka
7. The ex-officio Chairman of the Planning Commission of India is:
  - a) Finance Minister
  - b) Prime Minister
  - c) Governor of RBI
  - d) Planning Minister
8. Which items have been emerged the largest export earners of India?
  - a) Tea, coffee and tobacco
  - b) Cotton and jute
  - c) Germs, jewelry and ready made garment
  - d) Machinery and transport equipments
9. The sex ratio is the highest in:
  - a) Punjab
  - b) Hariyana
  - c) Kerala
  - d) Karanataka
10. The ex-officio Chairman of the Planning Commission of India is:
  - a) Finance Minister
  - b) Prime Minister
  - c) Governor of RBI
  - d) Planning Minister

(10x1 = 20)

**PART- B**

**Answer any ten questions.**

**Answers should not exceed one and a half page each.**

11. Write a note on vicious circle of poverty.
12. What necessitated for India to introduce Economic Reforms in 1991.
13. Explain the types of unemployment.
14. What were the objectives of Industrial Policy 1991?
15. Write a note on WTO Agreement on Agriculture.
16. What is meant by liberalisation?
17. Explain the role of Kudumbashree in alleviating poverty in Kerala
18. Write a note on Human Development Index.
19. Write a note on Kelkar Report.
20. Examine the trends of industrial development in India.

(8x5=40)

**PART-C**

**Answer any five questions.**

**Answers should not exceed two and a half page each.**

21. Analyse the relationship between industry and agriculture.
22. Bring out the causes of industrial backwardness of Kerala.
23. Explain the National Population Policy of 2000.
24. Examine the need for people's participation in development programmes .
25. Discuss the Chelliah Committee's recommendations on tax reforms.
26. Analyse the importance of Small scale and Cottage industries in the Indian economy.
27. Discuss the Chakravarthy Committee Report.

(5x10=50)

**PART-D**

**Answer any two questions.**

**Each answer should not exceed six pages.**

28. Explain the demographic trends in Indian economy with reference to 2001 Census.
29. Evaluate the performance of poverty alleviation programmes in India.
30. Explain the impact of WTO on the agricultural sector of Kerala.
31. Analyse the prospects and growth of Ayurvedic Tourism in Kerala.

(2x20=40)

## ECC05 - ENVIRONMENTAL ECONOMICS

Time: 3 Hours

Total marks:150

### PART – A

#### Objective Type Questions

1. Environmental economics has a varied scope on
  - a. a) Theoretical side
  - b) Applied side
  - b. c) Theoretical side and applied side
  - d) Development side
2. Pecuniary externalities are reflected in
  - a. a) Market prices
  - b) Real prices
  - c) Money prices
  - d) Joint prices
3. Waste reduction is advocated as a principal means of
  - a. a) Growing resources
  - b) Increasing resources
  - b. c) Utilizing resources
  - d) Conserving resources
4. Pollution costs are essentially
  - a. a) Real cost
  - b) Money cost
  - c) Sensible cost
  - d) Opportunity cost
5. Fossil fuels and metallic minerals are
  - a. a) Renewable resources
  - b) Inexhaustible resources
  - b. c) Non renewable resources
  - d) None of these
6. Which one of the following is a abiotic component of the eco system
  - a. a) Bacteria
  - b) Plants
  - c) Humus
  - d) Fungi
7. Most stable eco system is
  - a. a) Forest
  - b) Desert
  - c) Ocean
  - d) Mountain
8. Ozone layer of upper atmosphere is being destroyed by
  - a. a) Sulphur dioxide
  - b) Photo chemical oxidants
9. Pollution costs are essentially
  - a. a) Real cost
  - b) Money cost
  - c) Sensible cost
  - d) Opportunity cost
10. Fossil fuels and metallic minerals are
  - a. a) Renewable resources
  - b) Inexhaustible resources
  - b. c) Non renewable resources
  - d) None of these

10x 2 = 20

### PART- B

**Answer any EIGHT questions.**

**Answers should not exceed one and a half page each.**

11. What are the different components of environment?
12. What is meant by renewable resources?
13. Define biodiversity.
14. What are pollutants?
15. What is green house effect?
16. What are the solutions to externality?
17. What are the methods of conservation of resources?
18. What is 'albedo effect'?
19. What are the direct controls of pollution?
20. What is meant by energy plantation?

(8x5=40)

### **PART-C**

**Answer any five questions.**

**Answers should not exceed two and a half page each.**

21. Explain the basic theory of environmental economics.
22. Discuss the relevance of property rights in environment management.
23. What are the limitations of Coase Theorem in the context of abatement of pollution of rivers and lakes in India?
24. What are the causes and effects of acid rain? What are the solutions to the acid rain problem?
25. State and explain the concept of optimal environmental quality.
26. Explain Hedonic property value model.
27. Broadly discuss the guidelines for sustainable industrial processes.

(5x10=50)

### **PART-D**

**Answer any two questions.**

**Each answer should not exceed six pages.**

28. What are the pros and cons of the use of the 'polluter pays' principle for controlling environmental pollution in India?
29. What policy measures would you recommend for reconciling the conflicting goals of forest conservation and sustainable livelihood of people depended on forests?
30. Explain the application of the cost benefit analysis in environmental economics.
31. Explain the objectives of the National Environment Policy 2006. What are the instruments of environment policy?

(2x20=40)

## ECC06 - DEVELOPMENT ECONOMICS

Time: Three Hours

Total marks:150

### PART – A

#### Objective Type Questions

1. Hirschman advocated the strategy of  
a) Unbalanced Growth                      b) Surplus growth  
c) Balanced growth                         d) Technological dualism
2. Labour surplus theory attributed by  
a) Adam Smith      b) Lewis              c) Marx              d) None of the above
3. Backwash effect was firstly introduced by  
a) Gunnar Myrdal      b) Peter              c) Arthur Dunkal      d) Kindelberger
4. SAPTA is related to  
a) Education              b) Trade              c) Security              d) Environment
5. The best example of two sector model  
a) Uzawa                      b) Feldman              c) Mahalnobis              d) Jorgenson
6. Who hypothesized that as income increases inequality increases  
a) Kuznet                      b) Samuelson      c) Henderson              d) None of the above
7. Who explained the problem of knife edge?  
a) Solow              b) Arrow              c) Sen                      d) Harrod
8. Who wrote “Reflections in Human Development”?  
a) Parthasarathy Das Gupta              b) Martin Weale  
c) Mehabuh-UI-Haq                      d) Amartya Sen
9. Labour surplus theory attributed by  
a) Adam Smith      b) Lewis              c) Marx              d) None of the above
10. Backwash effect was firstly introduced by  
a) Gunnar Myrdal      b) Peter              c) Arthur Dunkal      d) Kindelberger

10X2 = 20

### PART- B

**Answer any EIGHT questions.**

**Answers should not exceed one and a half page each.**

11. What is “Stationary State” in development process?
12. Write a short note on SOC.
13. Explain steady economic growth.
14. Discuss the role of growth agents.
15. Give a note on the Backwash effect of International trade.
16. Terms of trade between agriculture and industry
17. Classification of technical progress
18. Discuss the role Lenier technology
19. Discuss export led growth strategy
20. Explain Fei Ranis model

(8x5=40)



### **PART-C**

**Answer any five questions.**

**Answers should not exceed two and a half page each.**

21. Explain Marxian Theory of Economic Contradiction.
22. Explain Low Level Equilibrium Trap.
23. Critically evaluate the Critical Minimum Effort Thesis.
24. Discuss John Robison's growth model
25. Explains Meads model
26. Discuss Uzawa two sector model
27. Explain the problem of knife edge path.

(5x10=50)

### **PART-D**

**Answer any two questions.**

**Each answer should not exceed six pages.**

28. Explain the Labour Surplus Theory and its importance for over populated economy like India.
29. Explain the Classical Theory of Growth.
30. Critically comment Solow Model
31. Discuss Harrod Domar model

(2x20=40)

## ECC07 - INTERNATIONAL ECONOMICS

Time: 3 Hours

Total marks:150

### Part A

#### Objective Type Questions

- The value of the foreign trade multiplier is equal to  
(a)  $1/(mpm + mps)$  (b)  $1/(mpm - mps)$  (c)  $mpm + mps$  (d)  $1/mpm$
- India is large exporter of tea and small exporter of bicycles. In this context, which one of the following is true?  
(a) An export subsidy to tea would improve India's terms of trade in the world tea market  
(b) An export subsidy to tea would worsen India's terms of trade in the world tea market  
(c) An export subsidy to bicycles would improve India's terms of trade in the world bicycle market  
(d) An export subsidy to bicycles would worsen India's terms of trade in the world bicycle market
- Offer curves was developed by:  
(a) Leontief (b) Marshal (c) Lerner (d) Scitovsky
- In a freely floating exchange rate system:  
(a) The current account and capital account add to zero  
(b) Each account can individually be equal to zero  
(c) Exchange rate is determined by market forces  
(d) All the above statements are correct
- In the current international monetary system, the Indian Rupee is pegged to:  
(a) US Dollar (b) UK Pound (c) Euro (d) A basket of currencies
- The terms of trade refers to:  
(a) Excess of import expenditures over export earnings  
(b) Trade agreements  
(c) The ratio between export prices and import prices  
(d) The terms and conditions on which a country is offered loan in the event of BOP difficulties
- J Curve effect refers to the effect of:  
(a) Currency appreciation (b) Currency depreciation  
(c) Devaluation (d) none of the above
- In Heckscher-Ohlin Theory of international trade, the most important source of difference in relative commodity prices between nations is difference in:  
(a) Factor endowments (b) Technology  
(c) Tastes (d) Demand conditions
- The terms of trade refers to:  
(a) Excess of import expenditures over export earnings  
(b) Trade agreements  
(c) The ratio between export prices and import prices  
(d) The terms and conditions on which a country is offered loan in the event of BOP difficulties
- J Curve effect refers to the effect of:  
(a) Currency appreciation (b) Currency depreciation  
(c) Devaluation (d) none of the above

(10X2=20)

### **Part B**

**Answer any EIGHT questions.**

**Each answer should not exceed one and a half pages.**

11. Explain Leontief Paradox.
12. Explain Stolper-Samuelson Theorem.
13. Distinguish between BOT and BOP.
14. What is the superiority of quotas over tariffs?
15. Explain offer curve and its use in economic analysis.
16. What is New Protectionism?
17. Write a note on SAARC.
18. Explain infant industry argument.
19. Distinguish between fixed exchange rate and flexible exchange rate.
20. Write a note on IMF and international liquidity.

(8x5=40)

### **Part C**

**Answer any five questions.**

**Each answer should not exceed two and half a pages.**

21. State and explain Rebutzinski Theorem.
22. Discuss the role of MNCs in developing countries.
23. Discuss the functions and role of World Bank
24. Explain the various methods of exchange control.
25. Explain Prebisch-Singer Thesis.
26. Discuss trade an engine of growth.
27. Explain the concept of optimum tariff

(5x10=40)

### **Part D**

**Answer any two questions.**

**Each answer should not exceed six pages.**

28. Give a brief account of the trade policy of India since 1991.
29. What is devaluation? Explain the objectives, conditions necessary for success and limitations of devaluation.
30. Examine the Heckscher-Ohlin Theory.
31. What is meant by BOP disequilibrium? Give a brief account of the important causes of the BOP disequilibrium and the measures to correct the disequilibrium.

(2x20=40)

## ECE08 - PUBLIC ECONOMICS

Time: 3 Hours

Total Marks:150

### PART-A Objective Type Questions

1. The Chairman of the 13<sup>th</sup> Finance Commission of India is:  
a) Vijay Kelkar      b) K. C. Pant      c) C. Rangarajan      d) A. M. Khusru
2. Apple orchard developed by a farmer results in increased honey production to the neighbour bee keeper is an example of :  
a) Externality      b) Negative externality      c) Positive externality      d) Spill over effect
3. Grants-in-aid related to:  
a) Public expenditure      b) Public revenue  
c) Public debt      d) Central-State financial relationship
4. Goods and Service Tax will be introduced by:  
a) 2010 April 1      b) 2010 January 1      c) 2010 June 1      d) 2010 December 1
5. The concept of functional finance was introduced by:  
a) A. P. Learner      b) J. M. Keynes      c) David Ricardo      d) Kendrick M. S.
6. Agricultural holding tax was proposed by:  
a) Raja J. Chelliah      b) A. M. Khusru      c) K. N. Raj      d) Vijay Kelkar
7. "Redistribution with Growth" is the contribution of:  
a) Phelps      b) Musgrave      c) Buchanan      d) Hollis B. Chenery
8. Market failure refers to:  
a) Private goods      b) Club goods      c) Public goods      d) Mixed goods
9. "Redistribution with Growth" is the contribution of:  
a) Phelps      b) Musgrave      c) Buchanan      d) Hollis B. Chenery
10. Market failure refers to:  
a) Private goods      b) Club goods      c) Public goods      d) Mixed goods

(10X2=20)

### PART-B Answer any EIGHT questions. Answer should not exceed 1½ page each.

11. Explain the theory of optimal taxation.
12. What is zero-budgeting?
13. Explain the concept of tax earmarking.
14. Distinguish between real and pecuniary benefits of public projects.
15. Distinguish between matching and non-matching grants.
16. What are the principles of debt management?
17. Write a short note on modified Gadgil formula.
18. What are club goods?
19. Write a note on new federalism.
20. What do you mean by externality?

(8x5=40)

**PART-C**

**Answer any *five* questions.**

**Answer should not exceed 2½ pages each.**

21. Define the Social Cost Benefit Analysis.
22. Compare the classical and modern concept of fiscal policy.
23. Explain the objectives and magnitude of deficit financing in India.
24. Examine the incidence of tax under various market structures.
25. Analyse the recent trends in India's public debt.
26. Analyse the major elements of long term fiscal policy in India.
27. Explain Wagner's view on public expenditure.

(5x10=50)

**PART-D**

**Answer any *two* questions.**

**Answer should not exceed six pages each.**

28. Depict the recent public expenditure pattern in India. Which theoretical explanation you would like to attribute to recent expenditure growth in the country?
29. Discuss the emerging issues in local financial relations in India.
30. Analyse the sources of public revenue. Discuss the Kelkar Tax Reforms.
31. What are the major problems of fiscal federalism? How are they resolved? Illustrate from Indian experience.

(2x20=40)

## ECC09 - BASIC ECONOMETRICS

Time: 3 Hours

Total marks:150

### PART – A

#### Objective Type Questions

1. The econometric model building is based on the relation between dependent and independent variable, which is  
a) Non-stochastic      b) Predictive      c) Stochastic      d) None of these
2. The term 'regression' was introduced by  
a) Henry Theil      b) Ragnar Frisch  
c) Arthur S. Goldberger      d) Francis galton
3. The OLS model assumes that  $\sum \bar{U}_i^2 = \sum (Y_i - \bar{Y})^2$  is  
a) Maximum      b) Minimum      c) Zero      d) Infinity
4. The problem of autocorrelation is a feature of  
a) time series data      b) panel data  
c) Cross section data      d) None of these
5. Under the problem of heteroscedasticity OLS estimates are  
a) BLUE      b) Not BLUE      c) Efficient      d) None of these
6.  $R^2$  is equal to  
a) TSS/ESS      b) ESS/TSS      c) 1-(TSS/ESS)      d) 1-(ESS/TSS)
7. The model  $Y = \alpha + \beta X_t + \gamma X_{t-1} + U_t$  is known as  
a) Autoregressive model      b) Disturbed lag model  
c) Lag normal model      d) Dummy variable model
8. The method used to remove the correlation between  $Y_{t-1}$  and the error term in koyck adaptation expectation model is  
a) Weighted least square method      b) Dummy variable model  
c) Instrumental variable model      d) None of these
9. The problem of autocorrelation is a feature of  
a) time series data      b) panel data  
c) Cross section data      d) None of these
10. Under the problem of heteroscedasticity OLS estimates are  
a) BLUE      b) Not BLUE      c) Efficient      d) None of these

(10x2 =20)

### PART- B

#### Answer any EIGHT questions.

11. What is a stochastic variable? Give one example.
12. Distinguish between time series and cross sectional data.
13. State and explain Gauss Markov theorem.
14. Distinguish between an economic model and econometric model.
15. What is an AR(1) scheme? Explain the meaning of the terms involved in it.
16. What is a dummy variable trap?
17. What are the reasons for lags?
18. Explain Von-Neumann ratio test for autocorrelation.
19. What is the difference between heteroscedasticity and homoscedasticity?
20. What do you mean by auxiliary regression?

(8x5=40)

### PART-C

#### Answer any five questions.

21. Justify the role of random error term in an econometric model.
22. Distinguish between  $R^2$  and adjusted  $R^2$ . Show that  $R^2$  is greater than adjusted  $R^2$ .
23. What is multicollinearity? What are the consequences of multicollinearity?
24. How will you compare two regressions using the dummy variable approach?
25. What is the role of lags in economics?
26. Explain adaptive expectation models and partial adjustment models.
27. Explain the concept of a qualitative variable

(5x10=50)

#### PART-D

**Answer any two questions.**

**Each answer should not exceed six pages.**

28. Suppose that from a sample of size  $n = 20$  we estimate the following consumption function

$$\hat{e} = 100 + 0.70Y$$

(75.5) (0.21)

where the figures in brackets are the standard errors of the coefficients  $\hat{\alpha} = 100$  and  $\hat{\beta} = 0.70$ . Apply a suitable test to test the significance of  $\hat{\beta}$ .

29. Explain how will you estimate the parameters in a Almon's polynomial distributed lag model.
30. Discuss the problem of autocorrelation in regression analysis, citing how the problem arises, how it is detected and how it is solved.
31. Discuss the role and importance of statistical methods used in econometrics. Give suitable examples.

(2x20=40)

## ECC10 - FINANCIAL MARKETS

Time: Three Hours

Total marks:150

### PART – A

#### Objective Type Questions

1. The NSE started functioning in:  
a) 1990    b) 1994    c) 1991    d) 1996
2. The rolling settlement presently followed in India is on a:  
a) T+3 basis    b) T+2 basis    c) T+1 basis    d) T+4 basis
3. Nifty reflects the price movements of ----- stocks.  
a) 30    b) 40    c) 50    d) 25
4. Future value of a single amount is calculated by the formula  
a)  $FV_n = PV/(1+r)^n$     b)  $FV_n = PV(1+r)^n$   
c)  $FV_n = 1/[PV(1+r)^n]$     d) None of the above
5. An example of guilt edged security is  
a) Treasury bill    b) Bank deposits    c) Cheque    d) None of these
6. Markowits Theory shows the relation between:  
a) Risk and return    b) Risk and diversification  
c) Return and market risk    d) Risk and average return
7. Preference shares carry:  
a) A fixed rate of divided    b) Voting rights  
c) A residual claim to the income of the firm    d) None of these
8. An institution which dematerializes physical certificates and effects transfer of ownership by electronic book entries is known as:  
a) Broker    b) Stock Exchange    c) Underwriter    d) Depository
9. An example of guilt edged security is  
a) Treasury bill    b) Bank deposits    c) Cheque    d) None of these
10. Markowits Theory shows the relation between:  
a) Risk and return    b) Risk and diversification  
c) Return and market risk    d) Risk and average return

(10x 2= 20)

### PART- B

Answer any EIGHT questions.

Answers should not exceed one and a half page each.

11. Examine the risk return trade-off.
12. Define the concept of venture capital.
13. What is meant by time value of money?
14. What is meant by unique risk?
15. What is meant by factoring?
16. What is meant by beta of a stock?
17. What are the benefits of Mutual Funds?
18. Distinguish between primary market and secondary market.
19. What is a Government securities market? What are its features?
20. Distinguish between futures and options?

(8x5=40)



**PART-C**

**Answer any five questions.**

**Answers should not exceed two and a half page each.**

21. What are the different sub-markets of a money market.
22. What is merchant banking?
23. Examine the relationship between risk and return.
24. Examine recent developments in the financial sector.
25. Discuss the objectives and role of micro finance.
26. Explain the economics basis of financial intermediation.
27. Explain the difference between active and passive portfolio management.

(5x10=50)

**PART-D**

**Answer any two questions.**

**Each answer should not exceed six pages.**

28. Discuss different steps involved in portfolio management.
29. Discuss the Capital Asset Pricing Model.
30. Examine the application and problems of financial statement analysis.
31. Explain the Earning Multiplier Approach associated with equity valuation.

(2x20=40)