

SYLLABUS

MANONMANIAM SUNDARANAR UNIVERSITY, TIRUNELVELI-12

PG - COURSES – AFFILIATED COLLEGES

Course Structure for

M.A. ECONOMICS

(Choice Based Credit System)

(with effect from the academic year 2021- 2022 onwards)

| Semester-I | | | | |
|------------|----------------|--|--------------|--------|
| Part | Subject Status | Subject Title | Subject Code | Credit |
| III | Core - 1 | Advanced Micro Economic Theory - I | ZESM11 | 4 |
| | Core - 2 | Macro-Economic Theory and Analysis - I | ZESM12 | 4 |
| | Core - 3 | Statistical Methods | ZESM13 | 4 |
| | Core - 4 | International Economics | ZESM14 | 4 |
| | Elective - 1 | Welfare Economics | ZESE11 | 3 |
| | Elective - 2 | Entrepreneurial Development | ZESE12 | 3 |

ADVANCED MICRO ECONOMIC THEORY – I

Course Objectives:

- To equip the students with the basic analytical skills on the economic behavior of individuals, firms and markets.
- To impart the knowledge on consumer and producer behavior to reach equilibrium

UNIT: I

Theory of Demand and Consumer behavior

Recent Developments in the Theory of Demand – Linear Expenditure System
Behaviour under Conditions of Uncertainty and Risk -The Revealed Preference Hypothesis – theory of uncertainty and risk- Theory of marginal preference- Lancaster's Theory

UNIT: II

Theory of Production:

Production function – continuous aggregate production function – Cobb



Douglas production function – constant Elasticity of Substitution (CES) – Translog production function – Technical progress – Embodied and Disembodied neutral labour saving and capital saving technical progress – Derivation Cost function from production function.

UNIT: III

Market Structure and Pricing:

Marginal approach to price and output determination – Perfect competition – Short run and long run equilibrium for firm and industry- supply curves of firm and industry – breakeven point and shut down point in the short run and long run – can a perfectly competitive firm grow into a natural monopoly – Marshall and Sraffa's view. Monopoly – Degree of monopoly power - social cost of monopoly – Monopoly regulations – Peak-load pricing – Price discrimination – Monopolistic Competition – excess capacity theorem – Chamberlin and excess capacity.– monopsony – bilateral monopoly.

UNIT: IV

Duopoly and Oligopoly:

Oligopoly and duopoly models – collusive and non-collusive models- Cournot, Bertrand, Chamberlin, Sweezy, Stackelberg models, Cartels – price leadership – Non-price competition in oligopoly.

UNIT: V

Theories of the Firm:

Bain's limit pricing theory – Silos-Labini model of limit pricing – Franco Modigliani's contributions to limit price – profit maximization theory – theory of full cost or average cost pricing – the Andrew's version; The marginalist controversy.

Learning Outcome

After the completion of the course, the students must be able to

1. Have a good understanding of consumer behavior
2. Gain knowledge of Theories of production.
3. Get a complete knowledge about Market Structure and Pricing.
4. Study the Theories of the Firm.

Text Book:

1. Koutsoyiannis. (1979) A Modern Micro Economics, Macmillan Press, London.

Books for Reference:

1. Baumol, W.J. Economic Theory and Operations Analysis: Prentice Hall of India, New Delhi.
2. Stonier, A.W. and Haque D.C. – A Text Book of Economic Theory
3. Halvarian, Micro Economics (Advanced) Affiliated East West Press.
4. Jhingan, M.L. Advanced Economic Theory: Brinda Publications, New Delhi.
5. Ahuja, H.L. Advanced Economic Theory: S.Chand & Company Ltd. New Delhi.



6. Herderson, J.M. and Quandt. Micro Economics: Mc Graw Hill Publications.
7. David F. Heith and Soren Wibe: Cost and Production Function: Macmillan Publications.



MACRO-ECONOMIC THEORY AND ANALYSIS - 1

Course Objectives:

- To identify the different concepts of national income.
- To illustrate the circular flow of income of a country.
- To analyse the implications of change in policy measures for Business and the economy.

Unit I :

National Income and circular flow of Income:

Some Basic Macro Economic Concept - Circular flow of Income in two - three and four sector economy - Different forms of national income accounting - Social accounting - input - output accounting - flow of funds accounting - Balance of payment accounting.

Unit II :

Consumption Function:

Keyne's psychological law of consumption - implications of the law - Determinants of consumption - Short-run and Long-run consumption function - Empirical evidence on consumption function - Income - consumption relationship - absolute income, relative income, life cycle and permanent income Hypothesis.

Unit III :

Investment Function:

Marginal Efficiency of Capital and Investment - Tobin's Q Theory of Investment.

Unit IV :

Theory of Inflation:

Classical, Keynesian, Monetarist approach to inflation - Structuralist theory of Inflation - Philips curve analysis - short-run and long-run Philips cure - Tobin's modified Philips curve - Rational Expectation Hypothesis - policies to control Inflation.

Unit V :

Real Business cycle Theory:

Source of productivity shocks in Real business cycle Theory - Stabilisation policy and unemployment - Role of money in Real Business cycle Theory - Policy Implication of real business cycle theory.

Course Outcome:

1. Evaluate the national income accounting.
2. Gain knowledge of theory of inflation.
3. To understand the sectoral flow of income in the country.



4. To evaluate critically on consumption function and investment function.

References:

1. Edward Shapiro - Macroeconomics, Oxford University press.
2. Gregory Mankiw - Macroeconomics, - 6th Edn. Tata McGrawHill.
3. Richard T. Frogmen - Macroeconomics, Pearson Education.
4. Eugene Diutio - Macroeconomic Theory, Schaum's Outlines series. Tata McGrawHill.
5. Ahuja, H.L (2007), Macro Economics Theory and Policy - Advanced Analysis, S.Chand & Company Ltd, New Delhi.
6. Mankiw. N Gregory (2000), Macro Economics (Worth Publishers, New York)



STATISTICAL METHODS

Course Objectives:

- To equip the students with the basic analytical skill on the statistical methods.
- To enable the Students knowledge on hypothesis testing and model selection.

Unit I

Correlation and Regression

Correlation - Meaning - Types - Methods of studying correlation - Probable Error and Standard Error - Rank correlation – Methods of studying Rank correlation. Regression - Meaning - Types – Differences between Correlation and Regression - methods of studying regression - Standard Error of estimate.

Unit II:

Probability Theory and Distributions

Probability - Definition – Theorems of Probability (Addition, Multiplication, Baye's theorem) - Random Variables – Types - Theoretical Distributions - Binomial distribution - Poisson distribution - Normal distribution.

Unit III:

Sampling and Sample Survey

Sampling – Types - Methods of sampling - Sampling and Non-Sampling Errors - Sampling distribution of a statistic (Mean, Proportion) - Standard error of a statistic and its uses.

Unit IV:

Test of Hypothesis

Hypothesis (Null and Alternative Hypothesis) - Level of significance and critical value - One tailed and two tailed tests - Type I and Type II Errors.

Unit V:

Sampling Distribution and Applications

Z-test, T-test, Chi-square Test, F-test and Analysis of variance (ANOVA)

Course Outcome:

1. Understand the knowledge of sampling Distribution and Applications.
2. Gain knowledge of test of Hypothesis.
3. To develop the skills of sampling and sample survey.
4. Gain knowledge of correlation and Regression.

References:

1. Sancheti D. C. and Kapoor V. K. – Statistics, Theory, Methods and Applications.
2. SC. Gupta and V. K. Kapoor, Fundamentals of Mathematical Statistics.
3. S.P. Gupta – Statistical Methods.
4. M. Des Raj, Sampling Theory.
5. G.W. Cochran, Sampling Techniques.



INTERNATIONAL ECONOMICS

Course Objectives:

- To enable the students to gain knowledge about the different
- aspects of foreign trade procedures and its significance at the international level.
- To create awareness among the students about world trade and economy.

Unit-I:

Pure Theory of International Trade

Comparative Cost Theory-Refinements of Comparative cost Theory-Modern theory of Factor Endowments-Leontief Paradox-Factor price equalization theorem-Factors Intensity Reversal: The Stolper-Samuelson Theorem and the Rybezynski Theorem.

Unit-II:

Recent Theories of International Trade

Karvi's theory of Availability-Lindar's Theory of Volume of Trade and Demand pattern-Posner's Technological Gap Theory-Vernon's Product Cycle Theory-Kenen's Human capital theory-Intra-Industry Trade-Theory of Imperfect Competition-Strategic Theory-External Economies and International Trade.

Unit-III:

Balance of Payments Policies

BOP Disequilibrium-Adjustment Mechanism: Elasticity Approach, Absorption Approach and Monetary Approach-Expenditure changing monetary and fiscal Policy-Monetary and Fiscal policies for internal and external balance: The Swan Model and Mundallian Model-Expenditure Switching Policies and Expenditure Reducing Policies-Foreign Trade Multiplier.

Unit-IV:

Foreign Aid and MNCs.

Foreign Aid – Types of Foreign aid – Advantages and Disadvantages – Factors determining foreign aid – Foreign Investment – Foreign Direct investment – Types of FDI - FDI policy of India – Multinational Corporations – Features of Multinational Corporations – Advantages and Limitations of MNCs – MNCs and International Trade.

Unit – V:

World Trade Organisation

WTO – Origin – Objectives – Functions – India's stand on key Negotiating Issues – India and the WTO conference: Major Issues – Impact of WTO on various aspects of Indian Economy – WTO, subsidies and Agriculture.

Course Outcome:

- Develop the systematic understanding about the international trade.



- Develop knowledge on inter – regional and foreign trade.
- Apply the theories of international trade.
- Develop a systematic understanding about the foreign aid and MNCs.

References:

1. Francis Cherunillam(2004), International Economics(Tata McGraw Hill, NewDelhi).
2. Paul Krugman and Maurice (2013),International Economics: Theory and PolicyObstfeld (NewDelhi: Pearson).
3. J.N.Bhagwati (2003), Free Trade Today(Oxford University Press, New Delhi)
4. Uma Kapila (Ed)(2020), Indian Economy Since Independence, Academic Foundation, NewDelhi, 31st Edition



WELFARE ECONOMICS

Course Objectives:

- To impart the knowledge on Scope of Welfare Economics.
- To understand the importance of Social Welfare Functions.

Unit I:

Introduction

Definitions of Welfare Economics - Concepts of Welfare Classification of Welfare -(i) Individual Welfare and Group Welfare and (ii) General Welfare and Economic Welfare - Positive Economics and Welfare Economics - Role of Value Judgements in Welfare Economics - Scope of Welfare Economics.

Unit II:

Welfare Criteria:

GNP as a Welfare Criterion (Marshall and Pigou) - New Welfare Economics - Paretian Welfare Economics - Pareto Optimality - Marginal Conditions for Pareto Optimality - Rehabilitation of Paretian Welfare Economics - (i) Kaldor - Hicks' Criterion, (ii) Scitovsky's Paradox and (iii) Scitovsky's Double Criterion - Social Welfare Function (Bergson and Samuelson) - Hicks four Measures of consumer surplus.

Unit III:

Obstacles to Pareto Optimality

Pareto Optimality and Perfect Competition - Pareto Optimality and Externalities in Production and Consumption - Pareto Optimality and Monopoly - Pareto Optimality and Imperfect Competition - Optimum Resources Allocation under Capitalism and Socialism - Socialism as a Welfare Ideal - Views of Barone, Von Mises, Hayek and Robbins.

Unit IV:

Some Implications

Second best optima - welfare aspects of Gains from trade and tariff - Taxation - Direct and Indirect taxation - Marginal Cost pricing - Cost benefit analysis - divergence between private costs and social costs

Unit V:

Social Choice:

Types of social welfare functions: Utilitarian, egalitarian and Rawlsian social welfare functions - Arrow's impossibility, resolving arrow's paradox: Single peaked preferences - Sen's Paretian liberal theorem

Course Outcome:

- Have a good understanding on the concept of optimum resources allocation under Capitalism and Socialism.



- Study the Classification of Welfare.
- Gain knowledge on Social Welfare Functions.
- Gain knowledge on Taxation.

References:

1. H.L.Ahuja Advanced Economic theory, S.Chand Publications - New Delhi.
2. NG Yew - Kwang (1983) Welfare Economics - Introduction and Development of Basic Concepts London : Macmillan.
3. Arrow, K.J (1951) Social Choice and Individual values, Yale University Press, New Haven.
4. Graff J. de V. (1957) Theoretical Welfare Economics, Cambridge University Press Cambridge.
5. M.L.Jhingan Advanced Economic theory, S.Chand Publications, New Delhi.
6. Sen Amartya (2004) inequality Re-examined oxford university press, New Delhi, Chapters 3, 4 and 8
7. A.C. Pigou (1962) The Economics of Welfare The English Language Book Society.



ENTREPRENEURIAL DEVELOPMENT

Objectives

- The objective of this course is to develop and strengthen entrepreneurial quality and motivation amongst the students.
- To motivate the entrepreneurial instinct and to develop necessary knowledge and skills among the students.

Unit –I:

Introduction of Concepts

Concept of Entrepreneur – characteristics of an Entrepreneur – distinction between Entrepreneur & Manager – function & Types of Entrepreneur. Concept Entrepreneurship – Role of Entrepreneurship in Economic Development, Women Entrepreneurship – function, problems and recent trends.

Unit – II:

Entrepreneurial Growth

Economic & Non Economic Factors – Role of Government in Entrepreneurial Development - Entrepreneurial Motivation – Theories – factors Determining Entrepreneurial Motivation - Entrepreneurial Development – Need, Objectives, Phases - Evaluation.

Unit – III

Projects & Entrepreneur

Meaning – Identification – Selection- Project Formation: Meaning and Significance - Contents of a Project Report – Formation– Planning Commission Guidelines.

Unit – IV

Project Appraisal and Finance

Concept - methods of Appraisal- Need for financial Planning – Source of finance- - Capital structure – Capitalisation –venture capital – Export Finance.

Unit – V

Institutional Finance to Entrepreneurs

Commercial Banks, Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Industrial Credit & Investment Corporation of India (ICICI), Unit Trust of India (UTI), State Financial Corporations (SFCs), State Industrial Development Corporation (SIDCO), Exim Bank of India- Institutional Support to Entrepreneur- National Small Industries Corporation Ltd.(NSIC)- Small Industries Development Organisation (SIDO)- Small Scale Industries Board (SSIB)- State Small Industries Development Corporations (SSICs)- Small Industries Service Institutes (SISI)- District Industries Centre (DICs).



Learning Outcome

After the completion of the course, the students must be able to

- Have a good understanding of the concept Entrepreneurial Development.
- Gain knowledge of Entrepreneurial Growth.
- Get a complete knowledge about Project appraisal and Finance.
- Study the various Financial Institutions.

Suggested Readings

1. Vasant Desai, Dynamics of Entrepreneurship Development ,Himalaya Publication house
2. David holt Entrepreneurship, New Venture Creation, Prentice Hall India.
3. S.S. Khanka, Entrepreneurial Development S.Chand & Company Ltd. New Delhi
4. Peter F. Drucker , Innovation and Entrepreneurship

References

1. Robert D. Hisrich, Michael P. Peters and Dean A. Shepherd,(2007) Entrepreneurship, Tata McGraw Hill, New Delhi.
2. Poornima M. Charantimath, (2007), Entrepreneurship Development and Small Business Enterprises, Pearson Education, New Delhi.
3. Khanka, S.S.(2007), Entrepreneurial Development, S.Chand& Company, New Delhi.

