

# 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 2017-2018 onwards)

Semester-III				
Part	Subject Status	Subject Title	Subject Code	Credit
3	Core - 9	Mathematical Methods for Economics	PESM31	4
3	Core - 10	Development Economics	PESM32	4
3	Core - 11	Financial Economics	PESM33	4
3	Core - 12	Research Methodology	PESM34	4
3	Elective - 5	Micro Finance	PESE31	3
3	Elective - 6	Industrial Economics	PESE32	3



# MATHEMATICAL METHODS FOR ECONOMICS

## **Objective :**

At the end of the course the student will be able to use the mathematical tools to analyse the economic problems

## **Unit – I :Matrix Algebra**

Concept of Matrix – Types of Matrices – Basic Operations – Addition, Subtraction and Multiplication and Matrices – Rank and Inverse of a Matrix – Determinants and their basic Properties. Application of Matrix in Economy-Input- Output model

## **Unit – II : Linear Equations**

Consistency of a System of Linear Equations – Solutions of a System of Linear Equations –Cramer's Rule – Matrix Inverse Method – Gauss – Jordan method. Input – Output Analysis –Simple Problems.

## **Unit – III :**

### **Differentiation and its Application**

Rules of Differentiation – Conditions for Maxima and Minima of a Function – Simple Application of Derivatives – Finding Marginal Functions from Total Functions – Elasticity of Demand – Relationship Between AC and MC using Derivatives – Maximization of Profit and Revenue - Minimization of Cost – Partial Derivatives and their Applications in Economics –Optimization of Functions with Two Independent Variables – Cobb-Douglas Production Function – Eulers' Theorem – Constrained Maxima and Minima and its Applications.

## **Unit – IV :**

### **Integration**

Concept of Integration – Rules of Integration – Definite and Indefinite Integration – Application of Indefinite Integration to derive Total Function from Marginal Function – Application of Definite Integration to find out Consumer's Surplus and Producers Surplus.

## **Unit – V :**

### **Linear Programming**

Basic Concepts – Formulation of Linear Programming Problem – Structure and Variables – Feasible, Basic and Optimal Solutions – Graphical method of Solving Linear Programming Problem – Applications of Linear Programming Problem – Conversion of Primal to Dual.

## **Text Book**

A.C.Chiang – Fundamental Methods of Mathematical Economics

## **References :**

1. R.G.D. Allen, Mathematical Analysis for Economists.



2. Metha and Medhani – Mathematics for Economists.
3. Edward T. Dowling – Mathematical Methods for Business and Economics.



# DEVELOPMENT ECONOMICS

## Course Objective:

- At the end of the course the student will be a development economist

## Unit I

Nature of Development Economics-Role of values in development economics- Nature of western economic theory-Limited relevance of traditional theory-Economics as social systems-the need to go beyond simple economics-third world social systems as part of an interdependent international social system

## Unit II

Diverse structures and common characteristics of developing nations-similarity within diversity-diverse structure of third world economics-size and income level-historical background-physical and human resource endowments-political structure power and interest groups –common characteristics of developing nations-relative growth rates of national and per capita incomes- distribution of national income-extent of poverty, health and education-vulnerability in international relations

## Unit III

Economic growth and development - Factors affecting economic growth: capital, labor and technology, current scenario of agricultural labour in India. Distinguish between economic growth and development.

## UNIT IV

Classical theory of development - Adam Smith, Ricardo, Malthus and J.S.Mill; Kar -Marx and development of capitalistic economy - Theory of social change, surplusvalue and profit - Schumpeter and capitalistic development - innovation.

## UNIT V

### APPROACHES TO DEVELOPMENT

Theories of growth and development - Vicious circle of poverty, circular unlimited supply of labor; big push, balanced and unbalanced growth, critical minimum effort thesis, low income equilibrium trap; Ranis and Fei model - Dualism. Harrod-Domar model- Solow Model.

## Text Book:

1. Economic Development in the Third World Michael P. Todaro
2. K.R. Gupta, Economic Growth Models, Atland Publishers

## References:

1. Adelman, I. (1961), Theories of Economic Growth and Development, Stanford University Press, Stanford.
2. Behrman, S and T.N. Srinivasan (1995), Handbook of Development Economics, vol. 3 Elsevier, Amsterdam.



3. Brown, M. (1996), On the Theory and Measurement of Technical Change, Cambridge University Press, Cambridge, Mass.
4. Dasgupta, P. (1993), An Enquiry into well being and Destitution, Clarendon Press, Oxford.
5. Debraj Ray, (1998). Development Economics, Princeton University Press.
6. Ghatak, S. (1986), An Introduction to Development Economics, Allen and Unwin, London.
7. Gillis, M., D.H. Perkins, M. Romer and D.R. Snodgrass (1992), Economics of Development, (3rd Edition), W.W. Norton, New York.
8. Hayami, Y. (1997), Development Economics, Oxford University Press, New York.
9. Sen, A.K. (Ed.) (1990) Growth Economics, Penguin, Harmondsworth.
10. Solow, R.M. (2000), Growth Theory: An Exposition, Oxford University Press, Oxford.



# FINANCIAL ECONOMICS

## Objective of the course:

At the end of the course a student will be a financial analyst

## UNIT I

### Nature and Role of Financial system

Money and finance – money and near money – financial intermediation and financial intermediaries – the structure of the financial system – functions of the financial sector – indicators of financial development – equilibrium in financial markets – financial system and economic development - criteria to evaluate assets : risk and financial assets – types of risk – return on assets, risk – Return Trade off – Valuation of securities

## UNIT II

### Structure of interest rates

Theories of interest rate determination – level of interest rates – long period and short period rates – term structure of interest rates – spread between lending and deposit rates – administered interest rates – appropriate interest rate policy

## UNIT III

### Non-bank financial Intermediaries

Definition and types of non-bank financial institutions : Their growth and impact on India's economic development, measures taken to control their operations

## UNIT IV

### Financial markets

Role and structure of money market and capital market – call money market. Treasury bill market, commercial bill market including commercial paper and certificate of deposits, discount market – government securities market – markets for derivatives : futures and options, and other derivatives : types, uses and pricing of derivatives – primary and secondary market for securities ; SEBI : its impact on the working of capital market in India ; IRDA and its role in financial markets

## UNIT V

### International Financial Markets

Nature, organization and participants – exchange rates – devaluation and depreciation – working of floating exchange rates since 1973 – risk hedging and futures in exchange rates –international financial flows, forms and volume – rise and fall of Brettonwood institutions – international liquidity – Reforms in international monetary system for developing countries – lending operation of World Bank and its affiliates – working of IDA and IFC. Growth of regional financial institutions. Asian Development Bank and its lending activities; Asian Development Bank and India. Euro-dollar and Euro currency markets : their developmental role and regulation at the international level



**REFERENCE BOOKS:**

1. M.A. Shakila Banu, Finance and Securities Market in India, Abhijeet Publications, Delhi, 2011.
2. L.M.Bhole & Jitendra Mahakud, Financial Institutions and market, Tata McGraw Hill, New Delhi, 2011.
3. D.M.Mithani, The Economics of Global trade and Finance, Himalaya Publishing House, Mumbai, 2007.
4. V.A.Avathani, International Finance, Himalaya Publishing House, Mumbai, 2011.
5. Robert Bruner, Case Studies in Finance, Tata McGraw Hill, New Delhi, 2006.
6. Giancardo Gandolf, International Finance in Open Economy, Micro Economy, Springer Publishing House, New York, 2006.



# RESEARCH METHODOLOGY

## Objective of the course:

At the end of the course the student will be able to undertake independent micro or macro issues that warrant research and help in policy making.

## Unit I

Foundation of Research -The Scientific Approach – Aims of Social Sciences – Scientific Revolution – Role of Methodology – Research Process – Conceptual Foundation of Research – Economic Theory and Method – Axiomatic, Mathematical and Historical Methods – Theory, Models and Empirical Research – Basic Elements in Research – Identification of a Research Problem –Objectives of research-motivation in research-types of research-criteria of a good research-defining a research problem-selecting a problem-review of literature

## Unit II

Research design-need for research design-different types of designs-experimental design-Sampling design-census and sample survey –steps in sampling design-criteria for selecting a sampling procedure-characteristics of a good sampling design- how select a random sample- Hypothesis formulation and testing – Research Process

## Unit III

Measurement and scaling techniques-Measurement in research-sources of error in measurement tests-scaling –important scaling techniques

## Unit IV

### Data Collection Methods

Principles and Process in Data Collection – Primary Data – Case Study Method – Survey Research – Preparation of Structure Interview Schedule – Construction of Questionnaire – Pilot Study – Classification and Tabulation – Diagrammatic Representation – Secondary Data – Sourcing of data - Processing and analysis of data and interpretation

## Unit V

Report writing-significance of report writing-different steps in writing report-layout of research report-mechanics of writing a research report- referencing systems-research, Policy Making and Advocacy and Activism- influencing policy making-through debates, newsletters, networking with policy makers, - Advocacy and Activism- Skills needed for Advocacy and Activism- Presentation of Research findings-presentation skills –use of published research for policy making and advocacy.





**Text Book**

C.R. Kothari, Research Methodology, Wiley Eastern Limited

**Reference Books,**

1. C.T. Kurien, A Guide to Research, Sage Publishers
2. Chava Nachimias and David Nachimias, Research Methods in the Social Services.
3. Herbert Wesberg and brew D. Bower, An Introduction to Survey Research and Data Analysis, W.H. Freeman and Company



## **Micro Finance**

### **Objective of the course:**

At the end of the course the student will be able to join an MFI or start one.

### **Unit I**

Meaning and Scope – Importance of Micro Finance – Assumptions of Microfinance – Micro-finance: Lessons from International Experience – Models of Microfinance Across the World- Microfinance Delivery Methodologies – Structures of Intermediation for Microfinance in India – Microfinance Products Under Both SHG and MFI Models – Recommendations of Malegam Committee – Code of Conduct for Microfinance Institutions in India

### **Unit-II**

SHG Bank Linkage programme – Joint Liability Groups(JLGs) – Microfinance Institutional Approach – Bank Partnership Model – Banking Correspondent Model – Penetration of Microfinance – MPI and MPPI - Micro-finance Institutional Structure: Types of MFIs – Constraints in Mainstreaming of MFIs and Challenges Faced by the Sector – Portfolio Securitization – SHG-2 – National Rural Livelihood Mission

### **Unit-III**

Financial Inclusion –Need for Financial Inclusion- Present Reach of Banking – Initiatives of Reserve Bank of India – Initiatives of NABARD – Impact Assessment – Impact Monitoring – Microfinance and Poverty Assessment Tools

### **Unit-IV**

The Role of an MFI – Minimalist v/s Integrated – Financial Services/Products – Non-financial Services Designing Microfinance Products – Liquidity Management – Characteristics of Financial Statements – Components of Financial Statements – The Accounting Equation – The Chart of Accounts – Financial Reporting Formats – Some Special Transactions – Mechanics of Accounting – The Revenue Model of an MFI – Cost Volume and Profit (CVP) Analysis – Measuring Operating Efficiency and Productivity in MFIs – Factors Affecting Operating Expenses – Operating Efficiency – The Negative Side – What can the MFIs do to be More Efficient?

### **Unit-V**

Types of Risks for – MFIs –Managing Credit Risk – Financial System – Meaning of a Bank – Functions of Banks – Emerging Trends in Banking – Banking Regulation – Types of Customers and their Accounts – Compliance to State Acts Like Enacted by Andhra Pradesh State – Guidelines on Priority Sector – Targets and Classification – Compliance to RBI Guidelines on NBFC-MFIs – Self Regulation – The Micro Finance Institution (Development and Regulation) Bill,2012.

( Optional----A student will have to put in atleast 25 hours of internship in any one of the Microfinance institutions in the jurisdiction of the university during free time.)

### **Text Book:**

Micro-Finance Perspectives and Operations, Macmillan education India Pvt. Ltd.



# **INDUSTRIAL ECONOMICS**

## **Objective of the course:**

At the end of the course a student will be a opinion leader and consultant in industrial economics

## **UNIT I**

### **FRAMEWORK AND PROBLEMS OF INDUSTRIAL ECONOMICS**

Concept and organization of a firm — Ownership, control and objectives of the firm; Passive and active behaviour of the firm.

## **UNIT II**

### **MARKET STRUCTURE**

Sellers' concentration; Product differentiation; Entry conditions; Economies of scale; Market structure and profitability; Market structure and innovation; Theories of industrial location — Weber and Sargent Florence; Factors affecting location.

## **UNIT III**

### **MARKET CONDUCT**

Product pricing — Theories and evidence; Investment expenditure — Methods of evaluating investment expenditure; Theories and empirical evidence on Mergers and acquisitions (M & As) and diversification.

## **UNIT IV**

### **MARKET PERFORMANCE**

Growth of the firm — Size and growth of a firm; Growth and profitability of the firm; Constraints on growth; Productivity, efficiency and capacity utilization — Concept and measurement, Indian situation.

## **UNIT V**

### **INDIAN INDUSTRIAL GROWTH AND LABOUR**

Classification of industries; Industrial policy in India — Role of Public and private sectors; Recent trends in Indian industrial growth; MNCs and transfer of technology; Liberalization and privatization; Regional industrial growth in India; Industrial economic concentration and remedial measures; Issues in industrial proliferation and environmental preservation; Pollution control policies. Structure of industrial labour; Employment dimensions of Indian industry; Industrial legislation; Industrial relations; Exit policy and social security; Wages and problem of bonus — labour market reforms.

## **Text Books**

1. Singh, A. and A.N. Sadhu (1988), Industrial Economics, Himalaya Publishing House, Bombay
2. Divine, P.J. and R.M. Jones et. al. (1976), An Introduction to Industrial Economics, George Allen and Unwin Ltd., London.



3. Industrial and Labour Economics, MUKUND Mahajan, SD Geet, Nirali Prakashan publishers

### References

1. Ahluwalia, I.J. (1985), Industrial Growth in India, Oxford University Press, New Delhi.
2. Barthwal, R.R. (1985), Industrial Economics, Wiley Eastern Ltd., New Delhi.
3. Cherunilam, F. (1994), Industrial Economics : Indian Perspective (3rd Edition), Himalaya Publishing House, Mumbai.
4. Desai, B. (1999), Industrial Economy in India (3rd Edition), Himalaya Publishing House, Mumbai.
5. Government of India, Economic Survey (Annual).
6. Hay, D. and D.J. Morris (1979), Industrial Economics : Theory and Evidence, Oxford University Press, New Delhi.
7. Kuchhal, S.C. (1980), Industrial Economy of India (5th Edition), Chaitanya Publishing House, Allahabad.

