

M.A (ECONOMICS) – SECOND SEMESTER

Second Semester			
S. No.	Name of Subject	Credits	Total Marks
1	Statistical Methods for Economic Analysis	6	100
2	Development Economics	5	100
3	Economic Development & Policy in India	5	100
4	Applied Macroeconomic Theory	6	100
Total		22	

Subject Name: STATISTICAL METHODS FOR ECONOMIC ANALYSIS

Unit-I: Theory of Statistics: Probability and Distribution:

Statistics -nature and scope. Types of Statistics-descriptive and inferential; Probability theory - different concepts and approaches, Laws and Axioms of Probability, conditional probability and concept of Interdependence, Baye's theorem and its applications. Concept of random variable: probability, mass and density functions; Expectations, moments and moment generating functions

Unit – II: Theoretical Probability Distributions:

Binomial, Poisson and Normal Distributions with Properties – Moment Generating Function –The Central Limit Theory (without Proof).

Unit – III: Sampling and Estimation:

Concept of Sampling Distribution and Standard Error of a Statistic – Methods of Estimation – Principles of Moments, Least Square and Maximum Likelihood (Concept only) – Characteristics of a Good Estimator

Unit-IV: Correlation and Regression:

Simple correlations and regression analysis; Pearson's Product Moment Formula and Spearman's Rank Correlations, Concept of least squares and lines of regression; Standard Error of estimate, Partial and Multiple Correlations, Coefficient of determination.

Unit –V: Statistical Inference:

Testing of Hypothesis: Type I and Type II Errors, One-tailed and Two-tailed Tests – Test based on Standard Normal, t and Chi-Square Distributions.

Recommended Readings:

1. Yamane, Taro, "Statistics – An Introductory Analysis".
2. Hooda, P.R., "Statistics for Business and Economics", Macmillan.

3. Gupta, S.C. and Kapoor, U.K., "Fundamentals of Mathematical Statistics"
4. Nagar, A.L. and Das, R.K., "Basic Statistics", Oxford.
5. Agarwala, B.L., "Basic Statistics", New Age International.
6. Salvatore, Dominick and Reagle, Darrick, "Statistics and Econometrics", TMH
7. Goon Gupta, Das Gupta, "Fundamental of Statistics, Vol. II"

Subject Name: DEVELOPMENT ECONOMICS

Unit : Introduction

- _ Concept and Measurement
- _ A Theoretical Framework for Economic Development
- _ Structural Features of Underdevelopment: A Comparative Perspective

Unit 2: Population Growth, Resource Constraint and Economic Development

- _ Demographic transition
- _ Macro and Micro Inertia
- _ Fertility Choice at the Micro level
- _ Malthusian Theory
- _ Ricardo Model

Unit 3: Dual Economy Models and Labour

- _ Lewis Model
- _ Rural Urban Migration (Harris-Todaro)
- _ Labour Turnover Model
- _ Wage Productivity Model
- _ Child Labour

Unit 4: Capital Accumulation, Technological Progress

- _ Classical Thinkers Smith, Ricardo, Marx
- _ Balanced growth, Harod-Domar and Low level equilibrium trap
- _ Neoclassical growth theories - Solow model and growth accounting
- _ New growth theories -Endogenous growth
- _ Technological Capability of LDCs

Unit 5: Special Topics in Economic Development

- _ Poverty and Inequality
- _ Agriculture and the Rural Economy

Suggested Readings

- _ Y.Hayami, (2001) Development Economics: From Poverty to the Wealth of Nations, 2nd Edition, OUP
- _ K.Basu, (1997) Analytical Development Economics, MIT Press
- _ Debraj Ray, (1999) Development Economics, Oxford University Press

Subject Name: ECONOMIC DEVELOPMENT & POLICY IN INDIA

1. Why measure poverty?: As an indicator of development As a factor in determining centre-state fiscal transfers and the targeted PDS To identify members of the 'BPL' category who are eligible for various government schemes. (Less important now due to universalization of MGNREGA, and other criteria for specific schemes).
2. Measuring poverty: Sen's axioms: Focus, Monotonicity, Weak Transfer Axiom
3. The Indian poverty line: Old method
4. Debates and controversies
5. Tendulkar Expert Group Report (2009): Major features and recommendations
6. Rangarajan Expert Group Report (2014)
7. Extending to statewise PLs and updating over time
8. Criticisms of the Rangarajan Report

Suggested Readings:

1. Government of India, Planning Commission, Report of the Expert Group to Review the Methodology for Estimation of Poverty (Rangarajan Committee), June 2014, pp. 1-15, 53-63.
2. Ranjan Ray and Kompal Sinha, "Rangarajan Committee Report on Poverty Measurement: Another Lost Opportunity", EPW, 9 August 2014 (except section 4).
3. C. Rangarajan and S. Mahendra Dev, "Counting the Poor: Measurement and Other Issues", EPW, 10 January 2015.

Subject Name: APPLIED MACROECONOMIC THEORY

Unit 1: Inflation: Quantity Theory of Money, Modern Monetary Theory, Natural rate hypothesis, Models of nominal rigidities, New Keynesian view on inflation, Structuralist view, Welfare costs of inflation

Unit 2: Unemployment: Demand failures and Keynesian unemployment, Search theoretic models of unemployment, Efficiency wage models

Unit 3: Debt and Deficits: Debt-deflation theory of depressions, Public debt sustainability, Ricardian Equivalence.

Unit 4: Cycles: Keynesian models of endogenous cycles, Political business cycle, Real Business Cycles

Unit 5: Finance in Macroeconomics: Minskian instability hypotheses, Financial bubbles and crashes, the Efficient market hypothesis, Crises and policy responses

Unit 6: Crises: Financial, Fiscal and External: Models of crisis, Great recession, Lessons from the East Asian crisis and Global financial crisis

Unit 7: Stabilisation policy: Monetary and Fiscal Policies: Dynamic inconsistency and rules versus discretion, Policy ineffectiveness, Monetary policy transmission mechanisms, Optimal monetary policy rules, Inflation targeting, Fiscal policy, Coordination of fiscal and monetary policies.

Selected Readings:

1. Alan S. Blinder (1982) issues in the coordination of monetary and fiscal policy, NBER working paper series, *NBER working paper series*, working paper No. 982.
2. Barro, R. J. & D. B. Gordon (1983) "Rules, Discretion and Reputation in a Model of Monetary Policy", *Journal of Monetary Economics* 12(1): 101-121.
3. Bean, C., J. Larsen and K. Nikolov (2002) "The Monetary Transmission Mechanism: Theory, Evidence and Policy Implications", *European Central Bank Working Paper* No 133: 1-67.

4. Bernanke, B.S. & F.S. Mishkin (1997) "Inflation Targeting: A New Framework for Monetary Policy," *Journal of Economic Perspectives* 11(2): 97-116.
5. Blanchard, O.J., G. Akerlof, D. Romer, and J. Stiglitz (2014) "Macroeconomic Policy after the Crisis", Cambridge, Mass: MIT Press.
6. Boivin, Michael T. Kiley & F.S. Mishkin (2010) "How Has the Monetary Transmission Mechanism Evolved Over Time?", *Handbook of Monetary Economics*, Chap.8, 3: 369- 422.
7. Bordo, M. & A. J. Schwartz (1999) "Monetary Policy Regimes and Economic Performance: The Historical Record", *Handbook of Macroeconomics* 1: 149-234.
8. Chari, V. & Kehoe, P. (1999) "Optimal Fiscal and Monetary Policy", in J. Taylor and M. Woodford (eds.), *Handbook of Macroeconomics*, Vol.1. Part C, North Holland:1671-1745.
9. Cross, Rod (ed.) "*Unemployment, Hysteresis, and the Natural Rate Hypothesis*", Oxford: Blackwell,1988.
10. Dixit, A. & Lambertini, L. (2003) "Interactions of Commitment and Discretion in Monetary and Fiscal Policies", *American Economic Review* 93:1522-1542.
11. Domar, E. (1944) "The Burden of the Debt and the National Income", *American Economic Review*, 34: 798-827.
12. Friedman, M. (1967) "The Role of Monetary Policy", *American Economic Review*, 58(1):1- 17.
13. Gali Jordi (2008) "Monetary Policy, Inflation, and the Business Cycle: An Introduction to the New Keynesian Framework", Princeton University Press.
14. Guillermo A. Calvo & Carlos A Vegh (1999) "Inflation Stabilization and BOP Crises in Developing Countries", Chap.24, *Handbook of Macroeconomics*, Vol. 1, Part C: 1531-1614.
15. Hartley, James, Kevin D. Hoover & Kevin D. Salyer(eds.) "*Real Business Cycles: A Reader*", London: Routledge, 1998.
16. Kaldor N. & Trevithick J. (1981) "A Keynesian Perspective on Money, in *N. Kaldor*", *Collected Economic Essays*, 9.