

DEPARTMENT OF ECONOMICS

RAJIV GANDHI UNIVERSITY

M.Phil SYLLABUS

First Semester

Paper I: Research Methodology

Paper II: Economic Theory –I

Second Semester

Paper III: Economic Theory –II

Paper IV: Contemporary Issues in Indian Economy

Third Semester

Dissertation Writing

PAPER :I

RESEARCH METHODOLOGY

(Total Marks: 100)

Unit I

Meaning of Research – Social Science research and its Objectives – Types : Participant Observations, Action research, Participant Action Research, Community based research; quantitative and qualitative research, economic research and its problems Research Design – importance – Features of a good research design.

Unit II

Identification of the economic problem to be researched – literature review, construction of conceptual frame work, formulation of hypothesis , Data – Secondary and primary collection of primary data – preparation of questionnaire; sampling problems: heterogeneity of the universe, difference between theoretical variables and their observable counterparts, stratification of the universe and methods of Sampling Empirical testing of the hypothesis and report writing.

Unit III

Estimation of general linear regression model, and testing the significance of the co-efficients and construction of their confidence intervals : generalized least squares, Violation of the assumptions : heteroskedasticity and its solution: testing of autocorrelation and its removal.

Unit IV

Formulation of a simple model of an economy and its estimation; distributed lag model. Problems in simultaneous equations model: bias, multicollinearity, endogeneity, etc., and their solution, principal components analysis.

Unit V

Time series – stationary and non stationary; trend – deterministic and stochastic; Autoregression and Autocorrelation; Spectrum of a time series, Random walk, unit root tests, Co-interaction: Vector Auto Regression and Granger Causality, Estimation using time series.

Note: Special emphasis should be given on interpretation of the results obtained.

Recommended Readings:

1. Outhwaite, William & Stephen P Turner (ed.). *The Sage Handbook of Social Science Methodology*, London: Sage, 2007.
2. Zina, O'Leary. *The Essential Guide to Doing Research*, New Delhi : Vostaar Publications, 2004.
3. Ghosh, B N. *Scientific Methods and Social Science Research*, New Delhi, 1987.
4. Johnston, J. *Econometric Methods*, New Delhi : McGraw – Hill (latest edition).
5. Box, George & P Jenkins, G M & Reinsel, G C, *Time Series Analysis*, Delhi : Pearson, 2007 (3rd edition)
6. Stock, J H and Watson, M W, *Introduction to Econometrics*, Delhi Pearson, 2003.

PAPER II

Economic Theory I

(Total Marks : 100)

Unit-I

Demand Theory

Shape of the utility function and risk – von Neumann – Morgenstern Utility Theorem, Duality in demand theory – Properties of Marshallian and Hicksian demand functions; empirical estimation of demand (Rotterdam Model), Kaldor's theory of distribution.

Unit II

Market

Oligopoly – application of both cooperative and non cooperative games to the solution of oligopoly problems, Asymmetric information : Akerlof's theory of market for lemons.

Unit III

Macro Economics

New Classical macro Model – Rationale expectation and Policy in effectivenesses – major weakness _ Real business cycle model, New Keynesian Model and their critique.

Unit V

Financial Economics

Cost of Capital - traditional Theory – Modigliani Miller Theory – its proof and short comings; derivatives – Types of derivatives – Binominal pricing model and Black Scholes Model of derivative pricing.

Recommended Readings

1. Birman H Scot & L Fernandz *Game Theory with Economic Application*, Pearson Education, 2003.
2. Froyen, R T *Macroeconomics*, Delhi : Pearson, 1999.
3. Hoover, K D *The New Classical Macro-Economics*, Oxford: Black well, 1988.
4. Elton, E J and Grucer, M J *Modern Portfolio Theory and Investment Analysis*, Singapore, John Wiley, 2001.
5. Mclaney, E J *Business Finance : Theory and Practice*, Delhi : Pearson, 2000.
6. Sharpe, W F, Alexander, G J and Bailey, J V *Investments*, New Delhi : Prentice Hall, 1995.

PAPER: III

Economic Theory –II

(Total marks 100)

Unit : I

Trade under increasing Return – Imperfect competition, Intra-industry trade – Product Life Cycle Theory.

Unit II

Balance of payments

Convertibility – current and capital Accounts, Theories of Regional trade Block, Evolution of European Union, Optimum Currency area, SAPTA and SAFTA.

Unit III

Basic issues of Development: Problem of market : its immaturity, imperfect information , lack of credibility, property rights, And externality – problems in the development of market: adverse selection and moral hazards, Role of State, Peter B Evans’ State as the problem and solution: Predation embedded Autonomy and structural change.

Unit IV

Factors in development – Natural resource and Dutch disease – technological progress, human capital and increasing return, an over view of endogenous growth models and its evaluation.

Unit V

Environmental Valuation Methods

Basic Concepts of Valuation methods, Revealed preference (Direct proxy method) – Productivity change method, Substitute cost method – Revealed preference – non- proxy method – travel cost and Hedonic price method (conceptual Framework and case studies) Stated preference – Contingent valuation method – (Conceptual framework and case studies) – limitations.

Recommended Readings

1. Meier, G M and Rauch, J E (ed.) *Leading Issues in Economic Development*, Oxford University Press, 7th edition.
2. Macho-Stadler, I and Perez-Castillo, J D. *An Introduction to the Economics of Information*, Oxford University Press, 2001.
3. Soderston, B, *International Economics*, Prentice Hall, Upper Saddle River, N J New York, 1997.
4. Salvator, D. *International Economics*, Prentice Hall, Upper Saddle River, N J New York, 1997.
5. Markandya A and Harou Patrice, *Environmental Economics for Sustainable Growth*, Edward Elger, USA, 2002.
6. Pearce, D W, *Environmental Economics*, Longman, London, 1992.

PAPER IV

Contemporary Issues in Indian Economy

(Total Marks 100)

Unit I

Performance of the Indian Economy since independence: growth of Income and Employment cyclical behaviour of the Indian economy – Trends of Poverty and Human Development since 1950s.

Unit II

Income growth in States –grouping of States in terms of the level and growth of income, Human Development, Industrialization; Role of foreign capital – case study off India and China, infrastructure (Physics, financial, social), extent of development of markets, property rights, contract enforcement mechanism, causes of regional disparity and its removal.

Unit III

Performance of the Indian economy since 1990s, sectoral performance, impact of Globalisation on different regions of India with special reference to NE.

Unit IV

Policy Issues

Poverty alleviation programmes – Employment generation – Inclusive growth – Evaluation of Five year plans with special emphasis on the 11th five year plan.

Unit V

Problems of Arunachal Economy: Structure of Arunachal economy, its evolution, characteristics of traditional economies, institutional structure, technology, mode of surplus disposal, Growth pattern and its sources.

Recommended Readings:

1. Bardhan, P. *The Political Economy of development in India*, Oxford University Press, New Delhi, 1991.
2. Jalan, B. *The Indian Economy – Problems and Prospects*, Vikash, New Delhi, 1992.
3. Ahluwalia, I J and IMD Little (eds.) *India's Economic Reforms and development* (Essays in Honour of Manmohan Singh), Oxford University Press, New Delhi, 1999.
4. Kapila, Uma (ed.) *India's Economic Reforms*, Academic Foundation, New Delhi.
5. Government of India, *Economic Survey (annual)*, Ministry of Finance, New Delhi.
6. Radhakrishnan, R (ed) *India Development Report – 2004-05 and latest issues*, Oxford University Press, New Delhi.
7. *Specific Papers Published in EPW and other Research Journals*.
8. Government of Arunachal Pradesh, *Arunachal Pradesh Human Development Report, 2005*, Itanagar.
9. *Government of India, State development Report of Arunachal Pradesh (in Press)*.