

# **SCOPE**

Bangalore

In collaboration with

**Karnataka State Open University**

Mysore, Karnataka – 570006

Course Structure & Syllabus

For

**MASTER OF ARTS**

**(ECONOMICS)**

**(M.A.ECONOMICS)**

# **COURSE STRUCTURE**

## **FIRST YEAR: (PREVIOUS)**

<b>Code</b>	<b>Course Title</b>	<b>Credits</b>
MEC11	Micro Economic Analysis	7
MEC12	Economic of Development and Growth	7
MEC13	Quantitative Methods	7
MEC14	Public Economics	7
MEC15	Money Banking and Financial Markets	7

# **SYLLABUS (PREVIOUS YEAR)**

## **MEC11: Micro Economic Analysis**

### **BLOCK 1:**

#### **UNIT 1: Introduction to Micro Economic Analysis and Basic Problems**

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Micro economics and macro economics
  - 1.2.1 Micro economics
  - 1.2.2 Macro economics
  - 1.2.3 Interdependence between micro economics and Macro economics
- 1.3 Fundamental Problems
  - 1.3.1 What to Produce?
  - 1.3.2 How to Produce?
  - 1.3.3 For Whom to Produce?
  - 1.3.4 Others
- 1.4 Let us Sum Up
- 1.5 Keywords
- 1.6 For Further study
- 1.7 Review Questions

#### **UNIT 2: Methods Of Economic Analysis**

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Economic statics
  - 2.2.1 Limitations
- 2.3 Comparative statics
  - 2.3.1 Limitations
- 2.4 Economic dynamics
  - 2.4.1 Significance
  - 2.4.2 Limitations

- 2.5 Let us sum up
- 2.6 Glossary
- 2.7 Suggested reading
- 2.8 Review questions

### **UNIT 3: Tools in Economic Analysis**

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Tools in economic analysis
  - 3.2.1 Functional relationship
  - 3.2.2 Necessary conditions and sufficient conditions
  - 3.2.3 Dependent and independent variables
  - 3.2.4 Exogenous and endogenous variables
  - 3.2.5 Stocks and Flows
  - 3.2.6 Identities and equations
  - 3.2.7 Some conventions in functions/notation
  - 3.2.8 Graphing functions
  - 3.2.9 Straight lines: Slopes & tangents
  - 3.2.10 Non linear functions
  - 3.2.11 Maximum and minimum values
  - 3.2.12 Functions of more than two variables
  - 3.2.13 Partial derivatives
- 3.3 Let us sum up
- 3.4 Key words
- 3.5 Suggested Reading
- 3.6 Review questions

### **UNIT 4: Equilibrium**

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Types of Equilibria
  - 4.2.1 Static equilibrium
  - 4.2.2 Dynamic equilibrium
  - 4.2.3 Stable and Neutral
- 4.3 Partial equilibrium analysis

- 4.4 General equilibrium analysis
- 4.5 Let us sum up
- 4.6 Keywords
- 4.7 For further reading
- 4.8 Review Questions

**BLOCK 2:**

**UNIT 5: Demand Analysis and Consumer Behaviour**

- 5.1 Objectives
- 5.2 Introduction
- 5.3 The concept of Demand
- 5.4 Determination of Demand
- 5.5 Law of Demand
- 5.6 Changes in Demand
- 5.7 Exceptions to Law of Demand
- 5.8 Elasticity of Demand
- 5.9 Definition
- 5.10 Price Elasticity of Demand
  - 5.10(a) Type of Price Elasticity
  - Check Your Progress
- 5.11 Measurement of Price Elasticity.
- 5.12 Income Elasticity of Demand.
- 5.13 Cross Elasticity of Demand.
- 5.14 Factors Determining the Elasticity of Demand
- 5.15 Importance of Elasticity of Demand
- 5.16 Summary
- 5.17 Key Words
- 5.18 Reference Books
- 5.19 Questions.

**UNIT 6: Theories Of Demand**

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Cardinal Utility Approach

- 6.3 Law of Diminishing Marginal Utility
  - 6.3.1 Assumptions
  - 6.3.2 Diagramatic Explanation
  - 6.3.4 Merits and Limitations
- 6.4 Law of Equi-Marginal Utility
  - 6.4.1 Assumptions
  - 6.4.2 Equilibrium of the Consumer
  - 6.4.3 Explanation of the law through an example
  - 6.4.4 Diagramatic Representation
  - 6.4.5 Derivation of Demand curve
  - 6.4.6 Significance and Weakness of the Marginal Utility Analysis
- 6.5 Consumer's Surplus
  - 6.5.1 Diagramatic Representation
  - 6.5.2 Assumptions
  - 6.5.3 Importance of Consumer's Surplus
  - 6.5.4 Criticisms
  - 6.5.5 Measurement of Consumer's Surplus
- 6.6 Let Us Sum Up
- 6.7 Key-Words
- 6.8 Reference Books

**UNIT 7: Ordinal Approach-Indifference Curve Analysis**

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Ordinal Approach to Measure Utility
- 7.3 Indifference Curve Analysis
  - 7.3.1 Meaning of Indifference Curve Analysis
  - 7.3.2 Indifference Curve Schedule and Indifference Curve (IC)
  - 7.3.3 Assumptions of IC Analysis
- 7.4 Basic Concepts of IC Analysis
  - 7.4.1 Indifference Curve Map
  - 7.4.2 Budget Line
  - 7.4.3 Marginal Rate of Substitution
- 7.5 Properties of IC

- 7.6 Consumer's Equilibrium
  - 7.6.1 Price Effect
  - 7.6.2 Income Effect
  - 7.6.3 Substitution Effect-Hick's-Allen Substitution Effect
  - 7.6.4 Slutsky's Substitution Effect
  - 7.6.5 Hick's Vs Slutsky;s Treatment
  - 7.6.6 Elasticity of Substitution
  - 7.6.7 Superiority of IC
  - 7.6.8 Limitations of IC
- 7.7 Application of IC Analysis
- 7.8 Let Us Sum Up
- 7.9 Key Words
- 7.10 Reference Books

### **UNIT 8: Revealed Preference Theory And Theory Of Demand**

- 8.1 Objectives
- 8.2 Introduction
- 8.3 Revealed preference theory
- 8.4 Assumptions
- 8.5 Choice Reveals Preference
- 8.6 Samuelson's Demand Theorem
- 8.7 Achievements of the theory
- 8.8 Limitations
- 8.9 Let us Sum Up
- 8.10 Key words
- 8.11 Books
- 8.12 Questions

### **UNIT 9: Recent Developments in Demand Analysis**

- 9.1 Objectives.
- 9.2 Introduction
- 9.3 Pragmatic approach to demand
- 9.4 Constant elasticity of demand function
- 9.5 Dynamic Version of demand functions
- 9.6 Stock adjustment principal

- 9.7 Houthe Kar and Taylor dynamic model
- 9.8 Linear Expenditure Systems
- 9.9 Demand for the product of a firm.
- 9.10 Sources of demand for the product of a firm
- 9.11 Let us sum up
- 9.12 Books for reference
- 9.13 Questions for Self Study
- 9.14 Key words

**BLOCK 3:**

**UNIT 10: Law of supply**

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Market Supply
- 10.3 Supply Curve
  - 10.3.1 Supply Schedule
  - 10.3.2 Diagrammatic explanation of Law of Supply
  - 10.3.3 Slope of a Supply Curve
  - 10.3.4 Supply Function
  - 10.3.5 Factors influencing supply
  - 10.3.6 Shift in Supply
- 10.4 Exceptions to the law of Supply
- 10.5 Elasticity of Supply
- 10.6 Theory of Price Formation
  - 10.6.1 Inequality between Supply and Demand
  - 10.6.2 Market Equilibrium
  - 10.6.3 Stability in equilibrium
  - 10.6.4 Backward rising supply curve
  - 10.6.5 Differences in equilibrium positions
- 10.7 Welfare Conditions and equilibrium
- 10.8 Cob-Web model
  - 10.8.1 Diagrammatic explanation of the model
- 10.9 Let us Sum Up
- 10.10 Keywords



10.11 Questions for Self-study

10.12 Books for reading

### **UNIT 11: Production Function**

11.0 Objectives

11.1 Introduction

11.2 Production function

11.3 Assumptions of production Function

11.4 Types of production Function

11.5 Production function with one variable input

11.6 The law of Variable Proportion

11.6.1 Illustration of the law

11.6.2 Diagrammatic representation of the law

11.7 Three Stages of the operation of the law

11.8 Long term production function

11.9 Difference between the law of returns to scale and the law of variable proportion

11.10 Increasing Returns to scale

11.11 Economies of scale

11.12 Constant Returns to scale

11.13 Diminishing Returns to scale

11.14 Production function with two variable inputs

11.15 Let us Sum up

11.16 Questions for self study

11.17 Books for Reading

### **UNIT 12: Isoquants Least Cost Combination**

12.0 Objectives

12.1 Introduction

12.2 Isoproduct Curve

12.3 Isoproduct Schedule

12.4 Shapes of Isoproduct Curve

12.5 Isoproduct Curve and Indifference curve

12.6 Properties of Isoproduct Curve

12.7 Oval shaped Equal Product Curve

- 12.8 Diminishing Marginal Technical Substitution
- 12.9 Least cost Combination and the Choice of products
- 12.10 Minimizing Cost
- 12.11 Optimal expansion path
- 12.12 Price effect on factor usage
- 12.13 Technical Substitution effect
- 12.14 Substitutes and Complementary factors
- 12.15 Multiproduct firm -choice of product
- 12.16 Factor combination and choice of output of a multiproduct firm
- 12.17 Let us sum up
- 12.18 Key words
- 12.19 Questions for self study
- 12.20 Books

### **UNIT 13: Production function and Multi-product firm**

- 13.0 Objectives
- 13.1 Introduction
- 13.2 Multi product firm
- 13.3 Production possibility curve
- 13.4 Isorevenue curve
- 13.5 Equilibrium of a multi product firm
- 13.6 Cobb- Douglas production function
- 13.7 Constant Elasticity of substitution of production function.
- 13.8 Euler's theorem
- 13.9 Technological progress and production function
- 13.10 Let Us Sum UP
- 13.11 Keywords
- 13.12 Questions for Self Study
- 13.13 Books

### **UNIT 14: Traditional and Modern theories of costs**

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Concepts of costs
- 14.3 Traditional theory of cost

- 14.4 Short term cost curve
- 14.5 Short term Average fixed cost
- 14.6 Average variable cost
- 14.7 Short term average total cost
- 14.8 Marginal cost
- 14.9 Relationship between Average cost and Marginal cost
- 14.10 Long run costs - traditional theory
- 14.11 Long run cost curve and constant costs
- 14.12 Optimum output of a firm
- 14.13 U shape of LAC
- 14.14 Long run marginal cost curve
- 14.15 Modern theory of cost
- 14.16 Fixed cost in modern theory
- 14.17 AVC and marginal cost curve
- 14.18 LAC and modern theory
- 14.19 Production costs
- 14.20 Derivation of cost curve from production function
- 14.21 Derived demand for factors
- 14.22 Let us sum up
- 14.23 Keywords
- 14.24 Questions for self study
- 14.25 Books

**BLOCK 4:**

**UNIT 15: Marginal Analysis - An approach to Price and Output Determination.**

- 15.0 Objective
- 15.1 Introduction
- 15.2 Concept of Marginal Revenue
  - 15.2.1 Geometrical relationship between average and marginal revenue curves
- 15.3 Price output determination and equilibrium of the firm-Marginal Revenue and Marginal Cost Approach
  - 15.3.1 Introduction
  - 15.3.2 Conditions for profit maximization
- 15.4 Mathematical Derivation of conditions of Profit Maximization

- 15.5 Critical Evaluation
- 15.6 Let us Sum Up
- 15.7 Keywords
- 15.8 Questions
- 15.9 Further Readings

## **UNIT 16: Perfect Competition**

- 16.0 Objectives
- 16.1 Introduction
- 16.2 Meaning
- 16.3 Features of perfect competition
  - 16.3.1 Pure VS perfect Competition
- 16.4 Price output determination - short run
  - 16.4.1 Introduction
  - 16.4.2 Short and long run
  - 16.4.3 Price output determination and Equilibrium of the Firm in the Short run
  - 16.4.4 Profits
  - 16.4.5 Price output Determination in the Long run
- 16.5 Price output determination - Long run
  - 16.5.1 Marshall period classification
  - 16.5.2 Market Period
- 16.6 Let us sum up
- 16.7 Keywords
- 16.8 Some Questions
- 16.9 For further study

## **UNIT 17: Monopoly**

- 17.0 Objectives
- 17.1 Introduction
- 17.2 Meaning and features of Monopoly
  - 17.2.1 Features of Monopoly
  - 17.2.2 Sources of monopoly power or Barriers to Entry
- 17.3 Price output determination -Short run
  - 17.3.1 Absence of supply curve under monopoly

- 17.3.2 Price out determination in the short in
- 17.4 Price output determination - Long run
- 17.5 Price discrimination
  - 17.5.1 Conditions Necessary for Price Discrimination
  - 17.5.2 Degree of Price Discrimination
- 17.6 Welfare implications of Monopoly
- 17.7 Control and Regulation of Monopoly
- 17.8 Let us Sum up
- 17.9 Key Words
- 17.10 Questions
- 17.11 Further Readings

### **UNIT 18: Monopolistic Competition**

- 18.0 Objectives
- 18.1 Introduction
- 18.2 Meaning
- 18.3 Features of Monopolistic competition
- 18.4 Chamberlin's model of monopolistic competition
  - 18.4.1 Basic Assumptions
  - 18.4.2 Product differentiation
  - 18.4.3 Cost curve of the Firm
- 18.5 Product differentiation
- 18.6 Non-Price Competition-selling costs
  - 18.6.1 The Optimum level of selling costs
- 18.7 Capacity under monopolistic competition
  - 18.7.1 Chamberlin Interpretation of Excess Capacity
- 18.8 Criticism of Chamberlin's Model
- 18.9 Let us Sum Up
- 18.10 Keywords
- 18.11 Some Questions
- 18.12 Further Readings

### **UNIT 19: Oligopoly**

- 19.0 Objectives
- 19.1 Introduction

- 19.2 Meaning Oligopoly
- 19.3 Features of Oligopoly
- 19.4 Price Output determination under Non-collusive Market
  - 19.4.1 Introduction
  - 19.4.2 Causes of Indeterminateness
  - 19.4.3 Price output determination- Non collusive Market
- 19.5 Cournot's model of price output determination
  - 19.5.1 Introduction
  - 19.5.2 Original model
  - 19.5.3 Criticism
- 19.6 The Reaction curves Approach
- 19.7 Bertrand's model
  - 19.7.1 Introduction
  - 19.7.2 The Model
- 19.8 Chamberlin's Oligopoly model
  - 19.8.1 Introduction
  - 19.8.2 The Model
  - 19.8.3 Evaluation
- 19.9 Kinky demand curve
  - 19.9.1 Introduction
  - 19.9.2 The Model
  - 19.9.3 Critical Evaluation
- 19.10 Stakelberg's Solution
  - 19.10.1 Kinky demand Curve or the Kinked Demand Model
  - 19.10.2 The Model
  - 19.10.3 Critical Evaluation
- 19.11 Let us Sum Up
  - 19.11.1 Introduction
  - 19.11.2 The Model
  - 19.11.3 Implication of the model
- 19.12 Let us sum
- 19.13 Keyword
- 19.14 Some Question
- 19.15 Further reading

## **UNIT 20: Price Determination under Collusive Oligopoly**

- 20.0 Objectives
- 20.1 Introduction
- 20.2 Meaning
- 20.3 Cartels and Joint profit Maximization
  - 20.3.1 Cartels
  - 20.3.2 Cartels aiming at Joint profit Maximization
  - 20.3.3 Evaluation of joint profit maximization cartels.
- 20.4 Market Sharing Cartels
  - 20.4.1 Non Price Competition
  - 20.4.2 Sharing of the market by agreement on quotas
  - 20.4.3 Conclusion
- 20.5 Price Leadership
  - 20.5.1 Meaning
  - 20.5.2 Form of leadership
  - 20.5.3 Low cost Price leader-model
  - 20.5.4 The dominant Firm Price leader model
  - 20.5.5 Critical Evaluation of the traditional theory
  - 20.5.6 Barometric Price Leadership
- 20.6 Basing - Point Price System
  - 20.6.1 The single – basing point system
  - 20.6.2 Limitation of model
  - 20.6.3 Multiple Basing point systems
- 20.7 Let us sum up
- 20.8 Keywords
- 20.9 Questions
- 20.10 Further Readings

## **UNIT 21: Monopsony And Bilateral Monopoly**

- 21.0 Objectives
- 21.1 Introduction
- 21.2 Monopsony
  - 21.2.1 Meaning
  - 21.2.2 Price output determination under monopsony

- 21.2.3 Supply Curve and the marginal expense curve of a factor
- 21.2.4 Monopolistic Exploitation
- 21.3 Bilateral Monopoly
  - 21.3.1 Meaning
  - 21.3.2 Price Quantity determination-In determinate solution
- 21.4 Workable Competition Structure
  - 21.4.1 Meaning
  - 21.4.2 Promoting worktable competition – Norms
- 21.5 Let us sum up
- 21.6 Keywords
- 21.7 Some Questions
- 21.8 Further Readings

**BLOCK 5:**

**UNIT 22: Alternative Theories of the Firm**

- 22.0 Objectives
- 22.1 Introduction
- 22.2 Baumots theory of sales Maximization
- 22.3 Baumots Statics Models
- 22.4 Baumots Dynam Model
- 22.5 Comments
- 22.6 Marries Model
- 22.7 Equilibrium of the Model
- 22.8 Comments
- 22.9 Williamson’s Model
- 22.10 The Model Presentation
- 22.11 Evidence from Field studies and comments
- 22.12 Full-cost Pricing Principle
- 22.13 Reasons for Breakdown of Marginalism
- 22.14 Comments

**UNIT 23: Bain’s Limit Pricing Theory and Its Recent Development Including Sylos-Labini Model**

- 23.0 Introduction
- 23.1 Bain’s Limit Price Models



- 23.2 Barriers to New competition
- 23.3 Barriers to entry
- 23.4 Assumptions of Bain's models
- 23.5 Bains Models
- 23.6 Comments on Bain's model
- 23.7 Recent Developments in limit pricing theory
- 23.8 Sylos - Labini Model
- 23.9 Working of the model
- 23.10 Price determination
- 23.11 Comments

**UNIT 24: Behavioral Theory of the Firm**

- 24.0 Objectives
- 24.1 Introduction
- 24.2 Behavioral Theories
  - 24.2.1 Simon's Theory of satisfying behavior
  - 24.2.2 Comments
- 24.3 Cyert - March Model of Behaviorism
- 24.4 Critique of Behaviorisms
- 24.5 Critique of Behaviorism
- 24.6 Game Theoretic models of the Firm
  - 24.6.1 Introduction
  - 24.6.2 Game Theory
  - 24.6.3 Two-person Zero sum Game
  - 24.6.4 Non-Zero Sum Game:
- 24.7 Summary

**BLOCK 6:**

**UNIT 25: Theory of Distribution**

- 25.0 Introduction
- 25.1 Objectives
- 25.2 Neo-classical Approach
- 25.3 Marginal Productivity Theory
  - 25.3.1 Demand for factors in perfectly competitive markets
  - 25.3.2 Supply of Factors of Production

- 25.3.3 Market Equilibrium.
- 25.3.4 Conclusion
- 25.4 Product Exhaustion Theorem
- 25.5 Elasticity of Technical substitution
- 25.6 Technical Progress and factor shares
- 25.7 Let us summarize

## **UNIT 26: Factor Pricing In Imperfectly Competitive Markets**

- 26.0 Objectives
- 26.1 Introduction
- 26.2 Monopoly in the product market
  - 26.2.1 Single variable factor pricing
  - 26.2.2 Demand for a variable factor when several variable factors are used
  - 26.2.3 Market demand and market supply of labour
- 26.3 Factor pricing when the firm has monopolistic power in the commodity market and monopolistic power in the factor market
  - 26.3.1 Equilibrium of monopolist-monopolist using several inputs.
- 26.4 Bilateral monopoly
- 26.5 Summary
- 26.6 Theory of Rent
  - 26.6.1 Introduction
  - 26.6.2 Ricardian Theory of Rent
  - 26.6.3 Modern Theory of Rent
  - 26.6.4 Quasirent
  - 26.6.5 Rent and Price
- 26.7 Determination of interest
  - 26.7.1 Introduction
  - 26.7.2 Classical Theory of Interest
  - 26.7.3 The Loanable funds theory of Interest
  - 26.7.4 Keynes's Liquidity Preference Theory<sup>19</sup>
  - 26.7.5 Modern Theory of Interest
- 26.8 Theory of profit
  - 26.8.1 Introduction
  - 26.8.2 Profit as a Dynamic surplus
  - 26.8.3 Innovation and profit.

- 26.8.4 Hawley's Risk Bearing Theory
- 26.8.5 Profit as a Reward for uncertainty Bearing
- 26.8.6 Conclusion

### **UNIT 27: Macro Theories of Distribution**

- 27.0 Objectives
- 27.1 Introduction
- 27.2 Ricardo's Theory of Distribution
- 27.3 Marx's Theory of Distribution
- 27.4 Kalecki's Theory of Distribution
- 27.5 Kaldor's Model of Distribution
- 27.6 Let Us Summarise

### **BLOCK 7:**

### **UNIT 28: Partial And General Equilibrium**

- 28.1 Objectives
- 28.2 Introduction
- 28.3 General equilibrium
- 28.4 Stability of equilibrium
- 28.5 General equilibrium analysis
- 28.6 Walras model-General equilibrium
- 28.7 Existence, uniqueness and stability of equilibrium
- 28.8 Input-output model
- 28.9 Let us sum up
- 28.10 Key words
- 28.11 Books
- 28.12 Questions

### **MEC12: Economic of Development and Growth**

### **BLOCK 1:**

### **UNIT 1: Development and underdevelopment: an overview**

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Concept of Development
- 1.3 Distinction between economic growth and economic development

- 1.4 Pre-requisites for development
- 1.5 Features of less developed countries (LDCs)
- 1.6 Impediments to development
- 1.7 Let us sum
- 1.8 Key Words
- 1.9 For further reading

## **UNIT 2: Indicators of development**

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Economic Indicators
  - 2.2.1 Gross National Income
  - 2.2.2 Per capita income
- 2.3 Non- Economic Indicators
  - 2.3.1 Physical Quality of Life Index (PQLI)
  - 2.3.2 Basic Needs Approach
  - 2.3.3 Human Development Index (HDI)
  - 2.3.4 Gender Related Development Index (GDI)
  - 2.3.5 Gender Empowerment Measure (GEM).
  - 2.3.6 Human Poverty Index (HPT)
- 2.4 Let us sum up
- 2.5 Glossary
- 2.6 For further reading

## **UNIT 3: International Gap:**

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Income distribution and economic growth
- 3.3 Dimension of the problem
- 3.4 Causes for the gap
- 3.5 Poverty and inequality
- 3.6 Remedies
- 3.7 Let us sum up
- 3.8 Glossary
- 3.9 For further reading

## **BLOCK 2:**

### **UNIT 4: Smith, Recardo, Malthus And J.S. Mill**

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Main Ideas of Adam Smith on Economic Development
  - 4.2.1 The production function
  - 4.2.2 Economic growth and division of labour
  - 4.2.3 Accumulation of capital
  - 4.2.4 Gradual and cumulative nature of development process
  - 4.2.5 Role of Government to be minimal.
  - 4.2.6 Free trade promotes development
  - 4.2.7 Population of 'inferior' ranks to be controlled
  - 4.2.8 Stationary state
  - 4.2.9 Relevance to LDCs
- 4.3 Main Ideas of David Ricardo
  - 4.3.1 The production function
  - 4.3.2 Capital accumulation a function of profit
  - 4.3.3 No overproduction or under consumption
  - 4.3.4 Fiscal activities to be minimum
  - 4.3.5 Free international trade based on comparative cost advantage
  - 4.3.6 Process of economic growth in the short run
  - 4.3.7 Long run: Stationary state
  - 4.3.8 Relevance to LDCs
- 4.4 Main Ideas of T.R. Malthus.
  - 4.4.1 Concept of development.
  - 4.4.2 The production function.
  - 4.4.3 Population and economic development.
  - 4.4.4 Deficiency of effective demand and market glut,
  - 4.4.5 Laissez faire policy.
  - 4.4.6 Role of foreign trade.
  - 4.4.7 Decline in the importance of agriculture.
  - 4.4.8 Dualism
  - 4.4.9 Stagnation.

- 4.4.10 Relevance to LDCs.
- 4.5 Main ideas of J.S. Mill on economic development
  - 4.5.1 Causes of underdevelopment
  - 4.5.2 On the influence of government
  - 4.5.3 Stagnation
- 4.6 Relevance of Classical theory
- 4.7 Let us sum up
- 4.8 Glossary
- 4.9 Suggested reading

### **UNIT 5: Karl Marks**

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Main Elements of Marxian Theory of Economic Development
  - 5.2.1 The Materialistic Interpretation of History
  - 5.2.2 The Theory of Surplus Value
  - 5.2.3 Capital Accumulation
  - 5.2.4 Industrial Reserve Army
  - 5.2.5 Collapse of capitalism
- 5.3 Higgin's analysts-of Marxist theory of capitalist development and breakdown
- 5.4 Relevance to Less Developed Countries
- 5.5 Summing up
- 5.6 Glossary
- 5.7 Suggested Reading

### **UNIT 6: Joseph Scumpeter**

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Main Elements of Schumpeter's Theory of Economic Development
  - 6.2.1 Operation of Schumpeter's system
  - 6.2.2 Role of Entrepreneur
  - 6.2.3 Role of Savings and Credit
  - 6.2.4 The Process of Capitalist Development
  - 6.2.5 End of Capitalism
- 6.3 Higgin's analysis of Schumpeter's system

- 6.4 Appraisal of Schumpeter's Theory
- 6.5 Let us sum up
- 6.6 Glossary
- 6.7 Suggested Reading

**BLOCK 3:**

**UNIT 7: Solow and Meades Models of Growth**

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Main Elements of Solow Model
  - 7.2.1 Assumptions
  - 7.2.2 The Model
  - 7.2.3 Critical Appraisal
- 7.3 Main Elements of Meade's Model
  - 7.3.1 Assumptions
  - 7.3.2 The Model
  - 7.3.3 Critical Appraisals
- 7.4 Let us Sum up
- 7.5 Glossary
- 7.6 Review Questions
- 7.7 For Further Reading

**UNIT 8: Joan Robinson's Model of Economic Growth**

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Main index of Joan Robinson on Economic Development
  - 8.2.1 Assumptions
  - 8.2.2 The Model
  - 8.2.3 Types of Golden Ages
  - 8.2.4 Platinum Ages
- 8.3 Relevance to LDC's
- 8.4 Let us sum up
- 8.5 Glossary
- 8.6 Review Questions

## **UNIT 9: Harrod-Domar Growth of Model**

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Main elements of Harrod-Domar Growth Model
- 9.3 Obstacles and Constraints
- 9.4 Applicability to LDC's
- 9.5 Let us Sum up
- 9.6 Glossary
- 9.7 Review Questions
- 9.8 Suggested readings

## **UNIT 10: Growth Model's of Kaldor and Pasinetti**

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Main elements of Kaldor s growth model
  - 10.2.1 Limitations of the Model
- 10.3 Main elements of Pasinetti's Growth Model
  - 10.3.1 Limitations of the Model
- 10.4 Let us Sum up
- 10.5 Glossary
- 10.6 Review Questions
- 10.7 Suggested reading

## **BLOCK 4:**

## **UNIT 11: Approach To Development And Growth**

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Rostow's stages of growth
  - 11.2.1 Traditional society
  - 11.2.2 Pre-conditions for take off
  - 11.2.3 Takeoff
  - 11.2.4 Drive to maturity
  - 11.2.5 The age of High Mass Consumption Check your progress -1
- 11.3 Critical appraisal
- 11.4 Rostow stages &LDC



- 11.5 Limitations of Rostow's Theory
- 11.6 Rostow's Theory & India
- 11.7 Let us sum up
- 11.8 Limitations
- 11.9 Keywords
  - Check your progress - II
- 11.10 Reference Books

**UNIT 12: Lewis' Unlimited Supply Of Labour**

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Lewis' growth model
- 12.3 Capital accumulation in open economy
  - Check your progress - I
- 12.4 Critical appraisal
- 12.5 Let us sum up
- 12.6 Key words
  - Check your progress - II
- 12.7 Reference Books

**UNIT 13: Balanced Vs Unbalanced Growth:**

- 13.0 Objectives
- 13.1 Introduction
- 13.2 Balanced Growth
  - 13.2.1 Meaning And Interpretations
  - 13.2.2 Interpretation Of The Theory
  - 13.2.3 Conditions For Balanced Growth
- 13.3 Merits Of Balanced Growth
- 13.4 Critical Appraisal [Limitations]
- 13.5 Relevance To Less Developed Countries
- 13.6 Unbalanced Growth
  - 13.6.1 Meaning And Interpretations
  - 13.6.2 Explanation Of Unbalanced Growth Strategy
  - 13.6.3 Forward And Backward Linkages
- 13.7 Merits Of Unbalanced Growth

- 13.8 Critical Appraisals
- 13.9 Balanced Versus Unbalanced Growth
- 13.10 Let Us Sum Up
- 13.11 Key Words
  - Check Your Progress-II
- 13.12 Reference Books

**UNIT 14: Leibenstein's – Critical Minimum Effort:**

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Explanation of CME Thesis
  - 14.2.1 Leibenstien's Propositions
  - 14.2.2 Leibenstien's Hypothesis
  - 14.2.3 Growth Agents [Stimulants And Shocks]
- 14.3 Graphical Representation
- 14.4 Investment Phasing & CME
- 14.5 Motivation Theory & CME
- 14.6 Importance of CME Doctrine
- 14.7 Short Comings of The CME Thesis
- 14.8 Let Us Sum Up
- 14.9 Keywords
- 14.10 Reference Books

**UNIT 15: Rosenstein Rodan's Big Push Theory**

- 15.0 Objectives
- 15.1 Introduction
- 15.2 Explanation of The Theory
  - 15.2.1 Rationale for The Big Push
  - 15.2.2 The Three Indivisibilities
- 15.3 Merits of Big Push Theory
- 15.4 Critical Appraisal
- 15.5 Let Us Sum Up
- 15.6 Keywords
  - Check your progress –II
- 15.7 Reference Books

## **UNIT 16: Nelson's Low Level Equilibrium Trap**

- 16.0 Objectives
- 16.1 Introduction
- 16.2 Explanation Of The Theory
- 16.3 Graphical Representation
  - Check your progress - I
- 16.4 Critical Appraisal
- 16.5 Let Us Sum Up
- 16.6 Keywords
- 16.7 Questions
- 16.8 Reference Books

## **UNIT 17: Dualistic Theories**

- 17.0 Objectives
- 17.1 Introduction
- 17.2 Social or Behavioural Duals
  - 17.2.1 Characteristics of Dualistic Economy
  - 17.2.2 Remedial Measures or Policy Implications
- 17.3 Critical Appraisal of Boeke's Theory
  - Check your progress I
- 17.4 Technological Dualism
  - 17.4.1 Explanation of Technological Dualism
  - 17.4.2 Technical And Disguised Unemployment
- 17.5 Impact of Technical Dualism
- 17.6 Critical Evaluation of Higgins theory
- 17.7 Let Us Sum Up
- 17.8 Keywords
- 17.9 Questions
- 17.10 Reference Books

## **UNIT 18: Fei And Ranis Model: Process Of Cumulative Causation**

- 18.0 Objectives
- 18.1 Introduction
- 18.2 Explanation Of Fei And Ranis Model
  - 18.2.1 Assumptions Of Fei And Ranis Model

- 18.2.2 Three Stages
- 18.3 Critical Appraisal Of The Model
- 18.4 Process Of Cumulative Causation
  - 18.4.1 Backwash Effect & Spread Effect
  - 18.4.2 Getting Out Of The Process
- 18.5 Critical Appraisal Of Myrdal's Theory
- 18.6 Let Us Sum Up
- 18.7 Keywords
- 18.8 Questions
- 18.9 Reference Books

**BLOCK 5:**

**UNIT 19: Population And Economic Development (E.D)**

- 19.0 Objectives
- 19.1 Introduction
- 19.2 Population and Economic Development
  - 19.2.1 How Population growth promotes economic development?
  - 19.2.2 How Population growth retards economic development?
- 19.3 Theoretical framework
  - 19.3.1 Malthusian Theory of Population
  - 19.3.2 Edward Canon's Optimum theory of population
  - 19.3.3 Frank Notenstein's Theory
  - 19.3.4 Harvey Leibenstein and Nelson's Theory
  - 19.3.5 Micro-Economic Theory of population
- 19.4 Major Dimensions of Population Explosion
  - 19.4.1 Population and Poverty
  - 19.4.2 Population and Unemployment
  - 19.4.3 Population and Environmental Pollution
- 19.5 Population Debate
- 19.6 Population Policy imperatives for controlling world population
- 19.7 Let us sum up
- 19.8 Key Concepts
- 19.9 Check your progress
- 19.10 Reference Books

## **UNIT 20: Harris-Todaro Model Of Employment**

- 20.0 Objectives
- 20.1 Introduction
- 20.2 Harris-Todaro Model
  - 20.2.1 Assumptions
  - 20.2.2 Salient Features
  - 20.2.3 H-T Model and LDCs
  - 20.2.4 Merits of H-T Model
  - 20.2.5 Policy implications
  - 20.2.6 Comprehensive migration and employment strategy
  - 20.2.7 Limitations of H-T Model
- 20.3 Summary
- 20.4 Key Concepts
- 20.5 Check Your Progress
- 20.6 References

## **UNIT 21: Economic Development And Institutions Market Failure–State And State Failure**

- 21.0 Objectives
- 21.1 Introduction
- 21.2 Economic Development and Institutions
- 21.3 Markets and Development
  - 21.3.1 Market failure and its measurement
  - 21.3.2 Areas of Market failure
  - 21.3.3 Limitations of Unregulated markets
- 21.4 State and Development
  - 21.4.1 Functions of State (in development)
  - 21.4.2 Rationale of State intervention
  - 21.4.3 State and LDCs
  - 21.4.4 State Failure
  - 21.4.5 State in a Changing World
  - 21.4.6 Rethinking on the role of State
  - 21.4.7 The Agenda for change
- 21.5 Let us Sum Up
- 21.6 Key Concepts

21.7 Check Your Progress

21.8 References

**UNIT 22: Human Resource Development And Manpower Planning**

22.0 Introduction

22.1 Objectives

22.2 Concept of Human Resource Development (HRD)

22.2.1 HRD and Economic Development (E.D)

22.2.2 Scope of HRD

22.2.3 HRD growth models

22.2.4 Approaches to HRD and Human Capital Formation (HCF)

22.3 Concept of Manpower Planning (MPP)

22.3.1 MPP and Human Resource Management (HRM)

22.3.2 MPP and LDCs

22.4 Let us Sum up

22.5 Key Concepts

22.6 Check Your Progress

22.7 Reference Books

**BLOCK 6:**

**UNIT 23: Agriculture And Economic Development**

23.0 Objectives

23.1 Introduction

23.2 Agriculture and Economic Development

23.3 Agriculture in the Developing Countries

23.4 Causes for Low Productivity in Agriculture

23.5 Leading Issues in the Development of Agriculture in III World Countries

23.5.1 Role of Government

23.5.2 Size and Productivity

23.5.3 Modernisation of Agriculture

23.5.4 Agricultural terms of trade

23.5.5 Land Reforms

23.5.6 Agribusiness Management

23.5.7 Economics of Agricultural Development

23.6 Globalisation and Agriculture

- 23.7 Measures for Agricultural Development
- 23.8 Let Us Sum Up
- 23.9 Key Concepts
- 23.10 Check Your Progress
- 23.11 References

#### **UNIT 24: Industry And Economic Development**

- 24.0 Objectives
- 24.1 Introduction
- 24.2 Concept of industrialization:
- 24.3 Industry and economic development
- 24.4 Consequences of industrialisation
- 24.5 Pattern of industrialisation
- 24.6 Stages of industrialisation
- 24.7 State and industry development
  - 24.7.1 Need for state regulation of industry
  - 24.7.2 Methods of state regulation
  - 24.7.3 Results of state intervention
- 24.8 Problems confronting industrial development in III world countries
- 24.9 Small Scale industries
  - 24.9.1 Importance of SSIs
  - 24.9.2 Problems of SSIs
  - 24.9.3 Measures to promote SSIs
- 24.10 Industry and globalization
- 24.11 Agriculture Industry linkage
- 24.12 Let Us Sum Up
- 24.13 Key concepts
- 24.14 Check your progress
- 24.15 References

#### **UNIT 25: Sectoral Aspects Of Development**

- 25.0 Objectives
- 25.1 Introduction
- 25.2 Role of capital in economic development
- 25.3 Role of investment criteria in E.D

- 25.4 Project Analysis
  - 25.4.1 Importance of project analysis
  - 25.4.2 Stages of project evaluation
  - 25.4.3 Sequencing of project evaluation
  - 25.4.4 Limitations
- 25.5 Shadow Pricing
  - 25.5.1 Shadow prices concept
  - 25.5.2 Importance
  - 25.5.3 Methods of calculating shadow prices
  - 25.5.4 Difficulties in shadow pricing
- 25.6 Cost-benefit analysis [CBA]
  - 25.6.1 Welfare foundation of C-B-A
  - 25.6.2 Criteria
  - 25.6.3 Importance of CBA
  - 25.6.4 Evaluation of CBA
  - 25.6.5 Limitations
- 25.7 UNTDO guidelines for project evaluation
  - 25.7.1 Measures of profitability
  - 25.7.2 Foreign exchange rate
  - 25.7.3 Opportunity cost of capital
- 25.8 Let us sum up
- 25.9 Key Concepts
- 25.10 Check Your Progress
- 25.11 References

## **UNIT 26: Trade And Development**

- 26.0 Objectives
- 26.1 Introduction
- 26.2 Foreign trade and Economic Development
- 26.3 Theoretical foundation of international trade
- 26.4 Terms of trade
  - 26.4.1 Determinants of TOT
  - 26.4.2 Secular decline in TOT
  - 26.4.3 Criticisms



- 26.5 Arguments against free trade
- 26.6 Trade and TJI world countries-supply and demand perspective
- 26.7 Trade policy debate - Export promotion and import substitution
- 26.8 Trade policy reform
- 26.9 WTO
- 26.10 Let us sum up
- 26.11 Key concepts
- 26.12 Check your progress
- 26.13 References

## **BLOCK 7**

### **UNIT 27: Monetary And Fiscal Policies In Developing Economies**

- 27.0 Objectives
- 27.1 Introduction
- 27.2 Meaning of Monetary Policy
- 27.3 Objectives of Monetary Policy
- 27.4 Instruments of Monetary Policy
  - 27.4.1 Bank Rate
  - 27.4.2 Open-Market Operations
  - 27.4.3 Variable-Reserve-Ratio
  - 27.4.4 Selective Credit Control
- 27.5 Role of Monetary policy and Economic Development
- 27.6 Monetary Policy in Developing Economy
- 27.7 Effectiveness of Monetary Policy
- 27.8 Limitations of Monetary Policy Cheeky our progress-1
- 27.9 Meaning of fiscal Policy
- 27.10 Objectives of fiscal Policy in Developing Economy
- 27.11 Instruments of fiscal policy
- 27.12 Role of fiscal policy and Economic Development
- 27.13 Effectiveness of fiscal policy-
  - a) Automatic fiscal stabilizer
  - b) Discretionary fiscal policy
- 27.14 Limitations of fiscal Policy
- 27.15 Interaction of Monetary and fiscal Policy

- 27.16 Let us sum up
- 27.17 Keywords
  - Check your Progress II:
- 27.18 Reference Books

## **UNIT 28: Domestic Resources For Economic Development**

- 28.0 Objectives
- 28.1 Introduction
- 28.2 The Role of taxation in resource mobilization and development
  - 28.2.1 Personal income tax and property taxes
  - 28.2.2 Corporate taxes
  - 28.2.3 Indirect taxes on commodities
- 28.3 Public borrowing as a method of resource mobilization
- 28.4 The role of private foreign investment in resource mobilization and development
- 28.5 The benefits of private foreign investments
- 28.6 The defects of private foreign investments
- 28.7 Let us sum up
- 28.8 Keywords
- 28.9 Check your progress
- 28.10 Books for reference

## **UNIT 29: Inflation and Development**

- 29.0 Objectives
- 29.1 Introduction
- 29.2 The concept of inflation
- 29.3 Inflationary finance and economic development
- 29.4 Different views on inflation
  - 29.4.1 Monetarists' view
  - 29.4.2 The structuralists view
- 29.5 Criticisms leveled against inflation
- 29.6 Let us Sum Up
- 29.7 Key words
- 29.8 Check your progress
- 29.9 Books for reference

## **UNIT 30: Deficit Financing And Economic Development**

- 30.0 Objectives
- 30.1 Introduction
- 30.2 The concept of deficit financing
- 30.3 The Role of deficit financing in Economic development
  - 30.3.1 The Positive effect of deficit financing
  - 30.3.2 The Adverse effect of deficit financing
- 30.4 Measures to control inflation resulting from deficit financing
  - 30.4.1 Preventive measures
  - 30.4.2 Remedial measures
- 30.5 Deficit financing in India
- 30.6 Let us sum up
- 30.7 Keywords
- 30.8 Check your progress
- 30.9 Books for reference

## **MEC13: Quantitative Methods**

### **BLOCK 1:**

#### **UNIT 1: Functions And Functional Relations**

- 1.0 Number Systems
- 1.1 Natural Numbers and Integers
- 1.2 Whole Numbers
- 1.3 Fractions and Rational Numbers
- 1.4 Rational Numbers
- 1.5 Irrational Numbers
- 1.6 Real Numbers
- 1.7 Imaginary Numbers
- 1.8 Complex Numbers
- 1.9 Concept of Function
- 1.10 Dependent and Independent Variables
- 1.11 Types of Function
- 1.12 Linear Equations
- 1.13 Linear Equations with Two Unknown
- 1.14 Solution of Simultaneous Equations

- 1.15 Non Linear Functions
- 1.16 Solutions of Quadratic Equations
- 1.17 Factorization Method
- 1.18 Completing the Square Method
- 1.19 Exponential Function
- 1.20 Logarithmic Function
- 1.21 Check Your Progress
- 1.22 Key Terms
- 1.23 Further Reading

## **UNIT 2: Application Of Linear Function In Economic Analysis**

- 2.0 Introduction
- 2.1 Demand Function
- 2.2 Supply Function
- 2.3 Market Equilibrium
- 2.4 Impact of Tax and Subsidy on Market Equilibrium
- 2.5 Check your progress
- 2.6 Key Terms
- 2.7 Further Readings

## **UNIT 3: Applications Of Non-Linear Function In Economics**

- 3.0 Introduction
- 3.1 Market Equilibrium
- 3.2 Production Transformation Curve
- 3.3 Pareto's Law of Income Distribution
- 3.4 Check Your Progress
- 3.5 Check Your Progress
- 3.6 Further Reading

## **UNIT 4: Differential Calculus Ands Its Application**

- 4.0 Introduction
- 4.1 Theorems on Limits
- 4.2 Continuity of Function
- 4.3 Derivatives of a Function
- 4.4 Rules of Differentiation of Algebraic Function
- 4.5 Check your Progress

- 4.6 Key Terms
- 4.7 Further Readings

### **UNIT 5: Application Of Differential Calculus To Economics – I**

- 5.0 Introduction
- 5.1 Cost Function
- 5.2 Relationship Between Average and Marginal Costs
- 5.3 Revenue Function
- 5.4 Elasticity of Demand
- 5.5 Definition of Arc Elasticity
- 5.6 Definition of Point Elasticity
- 5.7 Types of Elasticity of Demand
- 5.8 Cross Elasticity of Demand
- 5.9 Income Elasticity of Demand
- 5.10 Mathematical Relationship between TR, AR, MR and Elasticity of Demand
- 5.11 Check your Progress
- 5.12 Key Terms
- 5.13 Further Readings

### **BLOCK 2:**

### **UNIT 6: Applications Of Differential Calculus To Economic II**

- 6.0 Introduction
- 6.1 Concepts of Maxima and Minima
- 6.2 The Maxima and Minima for A Single Variable
- 6.3 Maxima and Minima for Functions of More Than Two Variables
- 6.4 Total Differentiation
- 6.5 Check Your Progress
- 6.6 Key Terms
- 6.7 Further Reading

### **UNIT 7: Revenue Maximization And Cost Minimization Profit Maximization**

- 7.0 Introduction
- 7.1 Revenue Maximization
- 7.2 COST Minimization
- 7.3 Profit Maximization

- 7.4 Monopoly
- 7.5 Check Your Progress
- 7.6 Key Terms
- 7.7 Further Reading

**UNIT 8: Functions With Several Variables**

- 8.0 Introduction
- 8.1 Partial Derivative of Two Variable
- 8.2 Partial Differentiation of Three Variables
- 8.3 Total Differential
- 8.4 Joint Production
- 8.5 Nature of Commodities
- 8.6 Check Your Process
- 8.7 Key Terms
- 8.8 Further Reading

**UNIT 9: Applications Of Several Variables Functions Commodities, Production Returns To Scale And Cobb-Douglas Production Function.**

- 9.0 Production Function
- 9.1 Production Possibility Curve
- 9.2 Multi Product Monopolist
- 9.3 Returns To Scale
- 9.4 Cobb-Douglas Production Function
- 9.5 Check Your Progress
- 9.6 Further Reading

**UNIT 10: Integral Calculus**

- 10.0 Introduction
- 10.1 Basic Rules of Integration
- 10.2 Definite Integrals
- 10.3 Check Your Progress
- 10.4 Further Reading

**UNIT 11: Applications Integral Calculus:**

- 11.0 Introduction
- 11.1 Cost Function
- 11.2 Revenue Function

- 11.3 Consumer's Surplus
- 11.4 Producer's Surplus
- 11.5 Check Your Progress
- 11.6 Further Reading.

**BLOCK 3:**

**UNIT 12: Matrix Algebra:**

- 12.0 Introduction
- 12.1 Matrix Operations
- 12.2 Types of Matrixes
- 12.3 Determinants
- 12.4 Rules
- 12.5 Check your progress
- 12.6 Key Terms
- 12.7 Further Reading

**UNIT 13: Cramer's Rule And Applications:**

- 13.0 Cramer's Rule
- 13.1 National Income Model -Input Output model
- 13.2 Basic Concepts
- 13.3 Assumptions
- 13.4 Technical Co-efficient
- 13.5 Types of Input -Output model
- 13.6 Uses of Input - Output Analysis
- 13.7 Limitations of Input- Output Analysis
- 13.8 Check your progress
- 13.9 Key Terms
- 13.10 Further Reading

**UNIT 14: Linear Programming:**

- 14.0 Introduction
- 14.1 Assumptions of linear programming
- 14.2 Formulation of linear programming
- 14.3 Methods of solving linear programming
- 14.4 Graphical Methods
- 14.5 The Simplex Method

- 14.6 Check your progress
- 14.7 Key Terms
- 14.8 Further Readings

**BLOCK 4:**

**UNIT 15: Meaning And Scope Of Statistics:**

- 15.0 Introduction
- 15.1 Descriptive Statistics
- 15.2 Scope of Statistics in Economics
- 15.3 limitations
- 15.4 Check your progress
- 15.5 Key terms

**UNIT 16: Data Collections, Classification And Tabulation Of Data**

- 16.0 Introduction
- 16.1 Collection and Editing of Data
- 16.2 Primary source of Data
- 16.3 Methods of collection of primary data
- 16.4 Error in Sample Survey
- 16.5 Non-sampling Error
- 16.6 Classification of Data
- 16.7 Construction of Table
- 16.8 Key terms
- 16.9 Further reading

**UNIT 17: Diagrammatic Representation Of Data**

- 17.0 Introduction
- 17.1 Types of Diagrams
- 17.2 Pie Diagram
- 17.3 Histogram
- 17.4 Ogives
- 17.5 Check your progress
- 17.6 Key terms
- 17.7 Further Readings



**UNIT 18: Measures Of Central Tendencies – I**

- 18.0 Introduction
- 18.1 Characteristics of an Ideal Average
- 18.2 The Weighted Arithmetic Mean
- 18.3 Merits of Arithmetic Mean
- 18.4 Demerits of Arithmetic Mean
- 18.5 Check your progress
- 18.6 Key terms
- 18.7 Further Readings

**UNIT 19: Median, Mode, Geometric Mean And Harmonic Mean, Their Merits And Demerits:**

- 19.0 Median
- 19.1 Geometric Mean
- 19.2 Harmonic Mean
- 19.3 Mode
- 19.4 Check your progress
- 19.5 Key terms
- 19.6 Further Reading

**BLOCK 5:**

**UNIT 20: Measures Of Dispersion:**

- 20.0 Introduction
- 20.1 Range
- 20.2 Quartile Deviation
- 20.3 Mean Deviation
- 20.4 Check your progress
- 20.5 Key terms
- 20.6 Further Reading

**UNIT 21: Standard Deviation:**

- 21.0 Meaning of Standard Deviation
- 21.1 Co-efficient of variation
- 21.2 Some properties of Standard Deviation
- 21.3 Lorenz curve

- 21.4 Uses and importance of the Lorez curve
- 21.5 Gini's Co-efficient
- 21.6 Check your progress
- 21.7 Key terms
- 21.8 Further Reading

**UNIT 22: Measures Of Skewness And Kurtosis:**

- 22.0 Introduction
- 22.1 Skewness
- 22.2 Measures of Skewness
- 22.3 Kurtosis
- 22.4 Measures of Kurtosis
- 22.5 Check your progress
- 22.6 Key Terms
- 22.7 Further reading

**UNIT 23: Meaning Of Correlation–I**

- 23.0 Introduction
- 23.1 Co-variance
- 23.2 Partial and Multiple correlations
- 23.3 Positive correlation
- 23.4 Negative correlation
- 23.5 Graphical Method of measuring correlation
- 23.6 Key terms
- 23.7 Check your progress
- 23.8 Further reading

**UNIT 24: Measures Of Correlation–II**

- 24.0 Introduction
- 24.1 Karl's Pearson's Co-efficient of Correlation
- 24.2 Probable Error of r
- 24.3 Spearman's Rank Correlation
- 24.4 Co-efficient of Concurrent Deviation
- 24.5 Check your progress
- 24.6 Key terms

## **UNIT 25: Regression Analyzed**

- 25.0 Introduction
- 25.1 Distinction between Correlation and Regression
- 25.2 Linear Regression
- 25.3 Regression Equation of two variables
- 25.4 Check your progress
- 25.5 Key terms
- 25.6 Further reading

## **BLOCK 7:**

### **UNIT 27: Index Numbers**

- 27.0 Introduction
- 27.1 Price Index Numbers
- 27.2 Construction of Price Index
- 27.3 Methods of Constructing Index Numbers
- 27.4 Methods of Construction of Index Numbers: Formulas
- 27.5 Fisher's Ideal Index Numbers
- 27.6 Aggregate of price relatives
- 27.7 Quantity Index Numbers
- 27.8 Mathematical Tests for Consistency
- 27.9 Factor Reversal Test
- 27.10 Circular Test
- 27.11 Check your progress
- 27.12 Key terms
- 27.13 Further reading

### **UNIT 28: Index Numbers-II**

- 28.0 Shifting the Base Period
- 28.1 Splicing two series of index numbers
- 28.2 Consumer price index numbers
- 28.3 Uses of index numbers
- 28.4 Limitations of index numbers
- 28.5 Check your progress
- 28.6 Key Terms
- 28.7 Further Reading

**UNIT 29: Probability Theory:**

- 29.0 Definition of Probability
- 29.1 Definitions in Probability
- 29.2 Classical Definition of Probability
- 29.3 Empirical Definition of Probability
- 29.4 Various types of events
- 29.5 Law of Addition Rule
- 29.6 Conditional probability
- 29.7 Baye's Theorem and its Applications
- 29.8 Check your progress
- 29.9 Key terms
- 29.10 Further reading

**UNIT 30: Theoretical Distinction:**

- 30.0 Introduction
- 30.1 Combinations
- 30.2 Binomial Distribution
- 30.3 Normal Distribution
- 30.4 Proportion of Normal Distribution
- 30.5 Check your progress
- 30.6 Key terms
- 30.7 Further reading

**MEC14: Public Economics****BLOCK 1:****UNIT 1: Nature and scope of Public Economics:**

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Definition and subject matter of Public Economics
- 1.3 Difference between Public Economics and Public Finance
- Check your progress I
- 1.4 Nature and Scope of Public Economics
- 1.5 Relation between Public Economics and Economic theory and Monetary theory
- 1.6 Relation between Public Economics and Development Economics and welfare Economics

- 1.7 Let us Sum up
- 1.8 Keywords
- 1.9 Suggested Readings
- Check your Progress II

**UNIT 2: Economic Justification for Government Intervention:**

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Economic Justification for government intervention
  - 2.2.1 Market Failure: Imperfect market structure
  - 2.2.2 Externality
  - 2.2.3 Decreasing Cost
  - 2.2.4 Supply of Public Goods Check your progress I
- 2.3 Other Factors
- 2.4 Objectives of Government Intervention
- 2.5 Nature of Government Intervention
- 2.6 Limitations of Government Intervention
- 2.7 Role of Government in Mixed Economy
- 2.8 Let us Sum up
- 2.9 Key words
- 2.10 Suggested Readings

**UNIT 3: Allocation and Distribution functions of The Government:**

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Reasons for Government intervention in Resource Allocation
- 3.3 Objectives and Instruments of allocation
- 3.4 Allocation function
- 3.5 Effects of Resource Allocation.
  - Check your progress I
- 3.6 Distribution-Reasons for inequality in distribution
- 3.7 Remedies for Inequality
- 3.8 Objectives and instruments of distribution
- 3.9 Effects of Distribution
- 3.10 Let us Sum up

- 3.11 Keywords
- 3.12 Suggested Readings
- Check your Progress II

#### **UNIT 4: Stabilization function and Developmental Role of the Government**

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Reasons for Government Intervention in maintaining Economic Stability
- 4.3 Objectives and instruments of Stabilization function.
- 4.4 Stabilization function.
- 4.5 Effects of stabilization on the economy,  
Check Your Progress I
- 4.6 Development Role-Reasons for Government intervention in economic development.
- 4.7 Objectives of Development.
- 4.8 Development function and Planning.
- 4.9 Effects of development.
- 4.10 Let us sum up.
- 4.11 Keywords
- 4.12 Suggested Readings
- Check Your Progress II

#### **BLOCK 2:**

#### **UNIT 5: Private And Public Mechanism For Allocating Resources:**

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Private and public mechanism for allocating resources.
- 5.3 Problems of allocating resources
- 5.4 Preference revelation and aggregating of preferences
- 5.5 Let us sum up
- 5.6 Key concepts
- 5.7 Typical questions

#### **UNIT 6: Voting System Arrow's Impossibility Theorem An Economic Theory Of Democracy:**

- 6.0 Objectives
- 6.1 Introduction

- 6.2 Voting systems
- 6.3 Arrow's impossibility theorem
- 6.4 An economic theory of democracy
- 6.5 Let us sum up
- 6.6 Key concepts
- 6.7 Typical questions
- 6.8 Suggested readings

**UNIT 7: Politico-Economic Interaction-Rent Seeking A Directly Unproductive Profit Seeking (Dup) Activities:**

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Politico-economic interaction
- 7.3 Rent seeking and directly unproductive profit seeking
- 7.4 Let us sum up
- 7.5 Key concepts
- 7.6 Typical questions
- 7.7 Suggested readings

**BLOCK 3:**

**UNIT 8: Provision of Public Goods – Voluntary Exchange: Model – Samuelson's And Musgrave's Contribution To Provision Of Public Goods.**

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Provision of Public Goods
- 8.3 Voluntary Exchange Model
- 8.4 Samuelson's and Musgrave's contribution to provision of public goods
- 8.5 Let Us Sum Up
- 8.6 Keywords
- 8.7 Typical Questions
- 8.8 Suggested Readings

**UNIT 9: Demand Revealing Schemes for Public Goods (Clark, Groves and Ledyard) Theory of Club Goods by Tiebout**

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Demand Revealing Schemes for public goods

- 9.3 Theory of club goods by Tiebout
- 9.4 Let Us Sum Up
- 9.5 Key Concepts
- 9.6 Typical Questions
- 9.7 Suggested readings

**UNIT 10: Keynesian Stabilization Policy - Failure of Intertemporal Markets – Liquidity Preference:**

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Keynesian stabilization policy
- 10.3 Failure of Inter Temporal Markets
- 10.4 Liquidity Preference
- 10.5 Let Us Sum Up
- 10.6 Key Concepts
- 10.7 Typical Questions
- 10.8 Suggested Readings

**UNIT 11: Theory Of Social Goals – Poverty Alleviation Removing Inequalities:**

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Theory of Social Goals
- 11.3 Poverty Alleviation
- 11.4 Removing inequalities
- 11.5 Let Us Sum Up
- 11.6 Key Concepts
- 11.7 Typical Questions
- 11.8 Suggested Readings

**BLOCK 4:**

**UNIT 12: Wagner’s law of increasing state Activity and wise man-peacock Hypothesis Pure Theory of Public Expenditure Structure and Growth of Public Expenditure**

- 12.0 Objective of the Unit
- 12.1 Introduction
- 12.2 Meaning and Scope



- 12.3 Theories of Public Expenditure
  - 12.3.1 Pure Theories
  - 12.3.2 General Theories
- 12.4 Reasons for the Growth of Public Expenditure
- 12.5 Control and Accountability of Public Expenditure
- 12.6 Let us sum up
- 12.7 Key Concepts
- 12.8 Check your progress
- 12.9 Suggested Reading

**UNIT 13: Social-cost-Benefit Analysis Project Evaluation-Estimation of costs  
Discount Rate:**

- 13.0 Objectives of the Unit
- 13.1 Introduction
- 13.2 Origin of cost-Benefit Analysis
- 13.3 The Element in a Cost Benefit Analysis
  - 13.3.1 Statement of objectives
  - 13.3.2 Statement of alternatives
  - 13.3.3 Analysis and Valuation of Benefits
  - 13.3.4 Analysis and Valuation of Costs
  - 13.3.5 Discounting future net social benefit
- 13.4 The Objective Function of SCBA
  - 13.4.1 Benefit measurement: Social Perspective
  - 13.4.2 Benefit measures to the poverty population
  - 13.4.3 Project Costs
- 13.5 Difficulties in the Valuation and Measurement of Benefits and Costs.
  - 13.5.1 Intangible items
  - 13.5.2 Social benefits and costs
  - 13.5.3 Private benefits and costs
  - 13.5.4 Intermediate goods and services
- 13.6 Shadow Pricing in SCB A.
  - 13.6.1 Shadow wage rate
  - 13.6.2 Shadow price of natural resources
  - 13.6.3 Shadow exchange rate
- 13.7 Critical Evaluation of SCBA

- 13.8 Let Us Sum Up
- 13.9 Key Concepts
- 13.10 Check Your Progress
- 13.11 Suggested Reading

**UNIT 14: Reforms in Expenditure Budgeting Performance Budgeting, Programme budgeting and Zero-base budgeting:**

- 14.0 Objectives
- 14.1 Introduction
- 14.2 The Budget and Budgetary Process
- 14.3 Classification of Budget
  - 14.3.1 Economic classification of budget
  - 14.3.2 Functional classification of budget
  - 14.3.3 Limitations of economic and functional classification
- 14.4 Programme Budgeting
- 14.5 Programme Budgeting: Rationale
  - 14.5.1 Limitations:
- 14.6 Planning-Programming-Budgeting System
  - 14.6.1 Advantages of PPBS
  - 14.6.2 Limitations of PPBS
- 14.7 Zero Base Budgeting
  - 14.7.1 What is Zero Base Budgeting?
  - 14.7.2 Distinguishing features of ZBB
  - 14.7.3 Pre-Conditions of ZBB
  - 14.7.4 Advantages of ZBB
  - 14.7.5 ZBB in India
  - 14.7.6 Limitations of ZBB
- 14.8 Let Us Sum Up
- 14.9 Key Concepts
- 14.10 Check Your Progress
- 14.11 Suggested Reading

## **BLOCK 5:**

### **UNIT 15: A Taxation – Concepts – Types-Canons Of Taxation – Nature Of Taxation – Progressive – Proportional – Regressive 15 A Taxation – Concepts – Types – Canons Of Taxation – Nature Of Taxation – Progressive – Proportional – Regressive:**

- 15.0 Objectives
- 15.1 Introduction
- 15.2 Various Sources of Public Revenue
- 15.3 Types of Public Revenue
  - 15.3.1 Gratuitions Revenue
  - 15.3.2 Contractual Revenue
  - 15.3.3 Compulsory Revenue
- 15.4 Difference between Tax and a Fee
- 15.5 Difference between Fee and a special Assessment
- 15.6 Difference between Tax and a special Assessment
- 15.7 Other Categories of Revenue
- 15.8 Various sources of Public Revenue
- 15.9 Main Objectives of a Tax
- 15.10 Basic Characteristics of a Tax
- 15.11 Canons of Taxation
- 15.12 Meaning of Progressive, Proportional & Regressive taxes
- 15.13 Summary/Conclusion
- 15.14 Model Examination Questions
- 15.15 Suggested Books

### **UNIT 16: Theories Of Taxation – Benefit Principle – Ability Principle – Sacrifice Principle:**

- 16.0 Objectives
- 16.1 Introduction
- 16.2 Early Views: Benefit and ability to pay theories, Arguments for and against Benefit Theory, In terms of protection - Benefit theory, Marginal utility - Benefit Theory, Distribution aspects - Ability to pay theory approaches to taxation.
- 16.3 Benefit principle of Taxation.
- 16.4 Ability to pay and Subjective Tests.
  - 16.4.1 Equal Absolute Sacrifice

- 16.4.2 Equal Proportional Sacrifice
- 16.4.3 Equal Marginal Sacrifice
- 16.5 Ability to pay and objective tests.
- 16.6 Property, Income, Expenditure / Summary
- 16.7 Model Examination Questions
- 16.8 Suggested Books

**UNIT 17: Theory Of Optimal Taxation – Excess Burden Of Tax – Equity And Efficiency:**

- 17.0 Objectives
- 17.1 Introduction
- 17.2 The theory of optimal taxation
- 17.3 Concepts of Tax burden
- 17.4 Nature of Tax burden
  - 17.4.1 The Marshalling analysis
- 17.5 The principle of equity
- 17.6 Conflicts between equity and efficiency
  - 17.6.1 Tradeoff between equity and efficiency
- 17.7 Principle of certainty
- 17.8 Principle of administrative efficiency
  - 17.8.1 A Neutral tax
- 17.9 Distribution of Tax burden
- 17.10 Progressive, Proportional and Regressive distribution of incidence
- 17.11 Limitations of Tax burden
- 17.12 Optimal income tax rates
- 17.13 Summary/Conclusion
- 17.14 Model Examination Questions
- 17.15 Suggested Books

**UNIT 18: Theories Of Incidence–Shifting Incidence–Musgrave’s Contribution To The Theory Of Incidence:**

- 18.0 Objectives
- 18.1 Introduction
- 18.2 The impact of tax
- 18.3 The incidence of tax

- 18.4 Shifting of tax
  - 18.4.1 Forward shifting of tax
  - 18.4.2 Backward shifting of tax
  - 18.4.3 Tax capitalization
- 18.5 Theories of incidence of taxation
  - 18.5.1 The concentration theory
  - 18.5.2 The diffusion theory
  - 18.5.3 Demand supply theory
- 18.6 Demand supply theory of incidence of taxation
- 18.7 Incidence of some particular taxes
  - 18.7.1 A tax on monopoly profits
  - 18.7.2 Incidence of income tax
  - 18.7.3 Incidence of tax on property
- 18.8 Double taxation
- 18.9 Certain concepts of incidence
- 18.10 Musgrave's contribution to the theory of incidence
- 18.11 Summary
- 18.12 Model examination questions
- 18.13 Suggested Books

#### **UNIT 19: Public Debt**

- 19.0 Objectives
- 19.1 Introduction
- 19.2 Classical Theory of Public Debt
- 19.3 Internal Debt in the Classical System.
- 19.4 Ricardian Equivalence or Debt Neutrality
- 19.5 Pay-As-You-Use Finance
- 19.6 Pay-As-You-Go Finance
- 19.7 Intergeneration Equity
- 19.8 Loan Finance to Adjust-Distribution
- 19.9 Loan Finance to Reduce Tax Friction
- 19.10 Loan Finance of Self-liquidating projects
- 19.11 The Capital Formation Approach

19.12 Internal Debt in the Compensatory System

19.12.1 Fixed Investment Model

19.12.2 Pay-as-you-use finance

19.12.3 Intergeneration Equity

19.12.4 Old-age Insurance

19.13 Mixed System

19.14 Let Us Sum Up

19.15 Key concepts

19.16 Self-assessment questions

19.17 Further Readings

**UNIT 20: Sources Of Public Debt:**

20.0 Objectives

20.1 Introduction

20.2 Meaning of Public Debt

20.3 Public Debt and Private Debt

20.4 Classification of Public Debt

20.5 Objectives and Importance of Public Debt

20.6 Sources of Public Borrowing

20.6.1 Borrowing from individuals

20.6.2 Borrowing from non-banking financial institutions

20.6.3 Borrowing from commercial banks

20.6.4 Borrowing from the central bank

20.6.5 Borrowing from external sources.

20.7 Public Debt Money creation versus Borrowing from the Public

20.8 Economic effects of Public Borrowing and Public Debt

20.8.1 Effects of Public Borrowing

20.8.2 Effects of Public Debt

20.9 Let Us Sum Up

20.10 Key concepts

20.11 Self-assessment questions

20.12 Further Readings

## **UNIT 21: Principles Of Debt Management And Repayment:**

- 21.0 Objectives
- 21.1 Introduction
- 21.2 Meaning of burden of public debt
- 21.3 Burden of the Internal and External Public Debt
  - 21.3.1 Burden of Internal Public Debt
  - 21.3.2 Burden of External Public Debt
- 21.4 Debt Burden and Future Generation
- 21.5 Public Debt Management
- 21.6 Objectives of Public Debt Management
- 21.7 Need for Public Debt Management
- 21.8 Issues in Public Debt Management
- 21.9 Debt Management and Third world countries
- 21.10 Redemption of Public Debt
- 21.11 Methods of Debt Redemption
  - 21.11.1 Methods of Internal debt Redemption
  - 21.11.2 Redemption of External Debt
- 21.12 Limits of raising Public Debt
- 21.13 Let Us Sum Up
- 21.14 Key Concepts
- 21.15 Self-assessment questions
- 21.16 Further Readings

## **BLOCK 6:**

### **UNIT 22: Fiscal Policy:**

- 22.0 Objectives
- 22.1 Introduction
- 22.2 Meaning of Fiscal Policy
- 22.3 Role and Importance of Fiscal Policy
  - 22.3.1 Traditional view
  - 22.3.2 Keynes view
  - 22.3.3 Modern view
  - 22.3.4 Latest view
- 22.4 Objectives of Fiscal Policy

- 22.5 Functions of Fiscal Policy
  - 22.5.1 Allocation of Resources
  - 22.5.2 Distribution of Income and Wealth
  - 22.5.3 Economic Stabilization
  - 22.5.4 Capital Formation and Economic Growth
- 22.6 Instruments of Fiscal Policy
  - 22.6.1 Budget
  - 22.6.2 Taxation
  - 22.6.3 Public expenditure
  - 22.6.4 Public Debt
- 22.7 Fiscal Policy in the Less Developed countries
- 22.8 Let us Sum Up
- 22.9 Key concepts
- 22.10 Self-assessment questions
- 22.11 Further Readings

**UNIT 23: Interdependence Of Fiscal And Monetary Polices:**

- 23.0 Objectives
- 23.1 Introduction
- 23.2 Meaning of complementarily
- 23.3 Need for complementarily i.e., monetary-fiscal policy mix
- 23.4 Formulating a co-ordinate policy'
- 23.5 Link between monetary and fiscal policies The Government Budget constraint.
- 23.6 Budgetary Deficit: Concept and Measurement
- 23.7 Implications of Budgetary Deficit
  - 23.7.1 Budgetary deficit and inflation
  - 23.7.2 Budgetary deficit and distribution of income
  - 23.7.3 Budgetary deficit, capital formation and economic growth
  - 23.7.4 Budgetary deficit and employment
- 23.8 Limits of Deficit Financing
- 23.9 Let us Sum Up
- 23.10 Key Concepts
- 23.11 Self-assessment questions
- 23.12 Further Readings



**UNIT 24: Fiscal Policy And Stabilization:**

- 24.0 Objectives
- 24.1 Introduction
- 24.2 Multiplier Models with Investment Fixed
  - 24.2.1 Income Extermination without Budget
  - 24.2.2 Income Determination with Budget
  - 24.2.3 Impact of Taxes on Income
  - 24.2.4 Role of Transfer Payment
- 24.3 Balanced Budget Multiplier
- 24.4 Multiplier Models with Investment Variable
- 24.5 Stabilization and Policy Mix
- 24.6 Aggregate Fiscal Policy Instrument
  - 24.6.1 Automatic Fiscal Stabilizers
  - 24.6.2 Discretionary Fiscal Stabilizers
- 24.7 Need for a comprehensive and Flexible Policy
- 24.8 Let Us Sum Up
- 24.9 Key concepts
- 24.10 Self assessment questions
- 24.11 Further Readings

**BLOCK 7:**

**UNIT 25: Principles of Multi-Unit Finance (Federal):**

- 25.0 Objectives
- 25.1 Introduction
- 25.2 Principles of Multi - Unit Finance

**UNIT 26: Fiscal Federalism in India–Vertical and Horizontal imbalances  
Assignments of function and Sources of revenue–Constitutional provisions:**

- 26.0 Fiscal Federalism in India
- 26.1 Vertical and Horizontal imbalances
- 26.2 Assignment of function and sources of revenue

**UNIT 27: Finance Commission:**

- 27.0 Finance Commission
- 27.1 Devolution & grants-in-aid

**UNIT 28: Resource transfer from Union to States – criteria of transfer of:**

28.0 Resource transfer from Union to State.

28.1 Criteria of transfer of resources

**UNIT 29: Centre and State Financial relations in India – problems of states resources indebtedness:**

29.0 Centre State Financial relations in India

29.1 Problems of States resources indebtedness

**UNIT 30: Transfer of Resources From Union and States to Local Bodies:**

30.0 Transfer of Resources from Union and States to local bodies

30.1 Let us sum up

30.2 Key Concepts

30.3 Typical Questions

30.4 Suggested Readings

**MEC15: Money, Banking and Financial Markets**

**BLOCK 1:**

**UNIT 1: Money concepts – Near Money, Inside Money, Outside Money, Kinds of Money – Functions of Money.**

1.0 Objectives

1.1 Introduction

1.2 Money -Meaning and Definition

1.3 Money-Different concepts

1.3.1 Near Money

1.3.2 Inside Money

1.3.3 Outside Money

1.4 Various kinds of Money

1.4.1 Metallic Money or Full-Bodied Money

1.4.2 Full -Bodied Money or Representative Convertible paper currency,

1.4.3 Credit Money Inconvertible Paper currency / Token Money

1.4.4 Special Drawing Rights (paper Gold)

1.5 Functions of Money

1.5.1 Money as a Medium of Exchange

1.5.2 Money as a Store of Value

1.5.3 Money as a unit of Account

- 1.5.4 Money as a standard of deferred payment
- 1.6 Summary
- 1.7 Keywords
- 1.8 Questions for Self Study
- 1.9 Books for Self Study

**UNIT 2: Role Of Money And It' Significance:**

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Role of money in different economic systems.
  - 2.2.1 Role of money in capitalistic economies
  - 2.2.2 Role of money in socialistic economies
  - 2.2.3 Role of money in mixed (or planned) economies.
- 2.3 Significance of money
- 2.4 Limitations of money
- 2.5 Dynamic role of money in a modern economy.
- 2.6 Summary
- 2.7 Keywords
- 2.8 Questions for Self Study
- 2.9 Books for Study

**BLOCK 2:**

**UNIT 3: Banking: Concept, Organization and Structure.**

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Concept of Banking
- 3.3 Banking Organization and Structure -Meaning and Significance
  - 3.3.1 Unit Banking
  - 3.3.2 Branch Banking
  - 3.3.3 Group Banking-Meaning and usefulness
  - 3.3.4 Chain Banking-Meaning, Working
  - 3.3.5 Mixed Banking -Meaning and significance
  - 3.3.6 Correspondent Banking
  - 3.3.7 Role of Commercial Banking in a Developing Economy
- 3.4 Summary

- 3.5 Keywords
- 3.6 Questions for Self Study
- 3.7 Books for Self Study

**UNIT 4: Theories Of Commercial Banking:**

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Theory of Portfolio Management
  - 4.2.1 The Real Bills Doctrine
- 4.3 Shift ability Theory
- 4.4 Anticipated Income Theory
- 4.5 Liabilities Management Theory
- 4.6 Summary
- 4.7 Keywords
- 4.8 Questions for Self Study
- 4.9 Books for Self Study

**UNIT 5: Balance Sheet of a Commercial Bank:**

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Balance sheet of a Commercial Bank
  - 5.2.1 Meaning
  - 5.2.2 Significance
  - 5.2.3 Description - Liabilities and Assets
  - 5.2.4 Advantages of preparing a Balance sheet
- 5.3 Investment policy of a commercial Bank
  - 5.3.1 Need
  - 5.3.2 Significance
  - 5.3.3 Principles of a Bank Investment policy
- 5.4 NBFI's and Monetary Policy.
- 5.5 Summary
- 5.6 Keywords
- 5.7 Questions for self study
- 5.8 Books for Self Study

## **UNIT 6: Functions Of Commercial Banks:**

- 6.0 Objectives
- 6.2 Introduction
- 6.3 Defining bank
- 6.4 Evaluation of banks
- 6.5 Functions of commercial banks
  - 6.4.1 Deposits -mobilization and diversification
  - 6.4.2 Credit creation
  - 6.4.3 Lending activities
  - 6.4.4 General utility functions
  - 6.4.5 General agency services
- 6.5 Summary
- 6.6 Keywords
- 6.7 Questions for Self Study
- 6.8 Books for Self Study

## **UNIT 7: Credit Creation And Its Limitation:**

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Multiple expansion of bank credit
  - 7.2.1 Credit creation in a single monopoly bank
  - 7.2.2 Multiple expansion of bank credit
- 7.3 Limitations of credit creation by commercial banks.
- 7.4 Bank deposit contraction process
- 7.5 Summary
- 7.6 Keywords
- 7.7 Questions for Self Study
- 7.8 Books for Self Study

## **UNIT 8: Non-Bank Financial Intermediaries (NBFI'S):**

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Meaning of Non Banking Financial Intermediaries (NBFI'S)
- 8.3 Types of NBFI'S
  - 8.3.1 Pension Funds

- 8.3.2 Mutual Savings Banks/Funds
- 8.3.3 Private Financial Corporations
- 8.3.4 Open End and Close End Mutual Funds
- 8.3.5 Savings and Loans Associations
- 8.3.6 Life Insurance Companies
- 8.3.7 Credit Unions
- 8.4 Role of NBFIS in Economic Growth.
- 8.5 NBFIS and Monetary Policy
- 8.6 Summary
- 8.7 Keywords
- 8.8 Questions for Self Study
- 8.9 Books for Self Study

**BLOCK 3:**

**UNIT 9: Fedral System – Meaning, Features And Essential Conditions Required For The Success Of A Fedral Government:**

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Types of accounts
- 9.3 Types of account holders
- 9.4 Trustees
- 9.5 Instruments used in the operations of accounts
- 9.6 Negotiable instruments
- 9.7 Let us sum up
- 9.8 Questions for self study
- 9.9 Suggested Reading

**UNIT 10: Centralized And Co- Operative Federalism – Critical Estimate:**

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Types of Bank Advances
- 10.3 Forms of Bank Advances
- 10.4 Bank Lending Operations
- 10.5 Sources of Funds for Lending
- 10.6 Principles of Good Lending

- 10.7 Let Us Sum Up
- 10.8 Suggested Reading
- 10.9 Questions for Self-Study

**UNIT 11: Banks and Customers**

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Definition of a Banker
- 11.3 Definition of a Customer
- 11.4 Relationship between banker and customer
- 11.5 Rights of a banker
- 11.6 Obligations of a banker towards his customers.
- 11.7 Let us Sum up
- 11.8 Questions for self- study
- 11.9 Suggested readings

**BLOCK 4:**

**UNIT 12: Concept Of Central Bank Evolution And Role Of Central Bank In Economic Development**

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Concept of Central Banking
- 12.3 Characteristics of a Central Bank
- 12.4 Evolution of Central Banks
  - 12.4.1 Evolution of Bank of England
  - 12.4.2 Present Position of Central Bank
- 12.5 Role of Central Bank in Economic Development
- 12.6 Let us sum up
- 12.7 Books for self study
- 12.8 Question for self study

**UNIT 13: Functions Of Central Bank:**

- 13.0 Objectives
- 13.1 Introduction
- 13.2 Functions of Central Banks
  - 13.2.1 Monopoly of Note Issue

- 13.2.2 Banker to the Government
- 13.2.3 Bankers' Bank and Supervision of Banks
- 13.2.4 Custodian of Foreign Exchange Reserves
- 13.2.5 Controller of Credit
- 13.3 Other Functions
- 13.4 Let us sum up
- 13.5 Question for self study
- 13.6 Books for self study

**UNIT 14: Credit Control Bank Rate Policy:**

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Credit control
- 14.3 Methods of credit control
- 14.4 Difficulties of credit control
- 14.5 Quantitative credit control methods
  - 14.5.1 Bank Rate Policy
  - 14.5.2 Operation
  - 14.5.3 Short-term and long-term rates
  - 14.5.4 Limitation of Bank Rate Policy
  - 14.5.5 Evaluation
- 14.6 Bank Rate Policy in India
- 14.7 Let Us Sum up
- 14.8 Question for self study
- 14.9 Book for self study

**UNIT 15: Open Market Operation:**

- 15.0 Objectives
- 15.1 Introduction
- 15.2 Meaning of open market operations
- 15.3 Mechanism of open market operations
- 15.4 Limitations
- 15.5 Open market operations in India
- 15.6 Let us sum up
- 15.7 Questions for self study



15.8 Books for self study

**UNIT 16: Variable Reserve Ratio:**

16.0 Objectives

16.1 Introduction

16.2 Meaning of Variable Reserve Ratio

16.3 Limitations of Variable Reserve Ratio

16.4 Variable Reserve Ratio in India

16.4.1 Cash Reserve Ratio

16.4.2 Statutory Liquidity Ratio

16.5 Let us Sum up

16.6 Questions for Self Study

16.7 Books for Self Study

**UNIT 17: Selected Credit Control:**

17.0 Objectives

17.1 Introduction

17.2 Meaning of Selective Credit Controls

17.3 Objectives of Selective Credit Controls

17.4 Type of Selective Credit Controls

17.4.1 Margin Money Requirement

17.4.2 Regulation of Consumers Credit

17.4.3 Rationing of Credit

17.4.4 Direct Action

17.4.5 Issue of Directives

17.4.6 Moral Suasion

17.5 Significance of Selective Credit Controls

17.6 Limitations of Selective Credit Controls

17.7 Selective credit controls in India

17.8 Let us sum up

17.9 Questions for self study

17.10 Books for self study

## **BLOCK 5:**

### **UNIT 18: Money Market**

- 18.0 Objectives
- 18.1 Introduction
- 18.2 Meaning of Money Market
- 18.3 Features of Money Market
- 18.4 Structure of Money Market
  - 18.4.1 Constituents of Money Market
  - 18.4.2 Credit Instruments of Money Market
  - 18.4.3 Composition of Money Market
- 18.5 Importance of Money Market
- 18.6 Let Us Sum Up
- 18.7 Question for self study
- 18.8 Books of self study

### **UNIT 19: Features of Development and Under Development Money Markets:**

- 19.0 Objectives
- 19.1 Introduction
- 19.2 Features of developed money market
- 19.3 Features of underdeveloped money market
- 19.4 Indian money market
- 19.5 Let us sum up
- 19.6 Questions for self study
- 19.7 Books of self study

### **UNIT 20: Capital Market**

- 20.0 Objectives
- 20.1 Introduction
- 20.2 Capital market
- 20.3 Structure of Capital market
- 20.4 Credit Instrument dealt in capital credit
- 20.5 Importance of capital market
- 20.6 Indian Capital Market
- 20.7 Let us sum up
- 20.8 Books of self study

20.9 Questions for self study

**BLOCK 6:**

**UNIT 21: British Banking System**

21.0 Objectives

21.1 Introduction

21.2 Evolution Banking in U.K.

21.3 Special Future & British Banking

21.4 Let Us Sum Up

21.5 Questions for self study

21.6 Books for self study

**UNIT 22: Bank of England**

22.0 Objectives

22.1 Introduction

22.2 Evolution of Bank of England

22.3 Organization of Bank of England

22.4 Powers

22.5 Functions of Bank of England

22.5.1 Banker to the Government

22.5.2 Advisor to the Government

22.5.3 The Note Issue

22.5.4 Lender of Last Resort

22.5.5 Controller of Credit

22.6 Recent Development in Credit Control

22.7 Let Us Sum Up

22.8 Questions for Self-Study

22.9 Books for Self Study

**UNIT 23: British Commercial Banking**

23.0 Objectives

23.1 Introduction

23.2 London Clearing Banks

23.3 Other Commercial Banks

23.4 The Merchant Banks

23.5 British Over Seas Banks

- 23.6 Foreign Banks
- 23.7 The National Giro Banks
- 23.8 Trustee Saving Banks
- 23.9 Banking Services of Commercial Banks
- 23.10 The 'Big-Four' Commercial Banks
- 23.11 Let us Sum up
- 23.12 Questions for Self-Study
- 23.13 Books for Self Study

**UNIT 24: London money market**

- 24.0 Objectives
- 24.1 Introduction
- 24.2 Official or Discount Market
  - 24.2.1 Discount Houses
  - 24.2.2 Accepting Houses
  - 24.2.3 The Issuing Houses
  - 24.2.4 The Merchant Banks
- 24.3 The Parallel Money Market
  - 24.3.1 The Euro-Currency Market
  - 24.3.2 Certificate of Deposits
  - 24.3.3 The Inter Bank Sterling Market
- 24.4 Let us sum up
- 24.5 Questions for Self-Study
- 24.6 Books for Self Study

**UNIT 25: American banking system**

- 25.0 Objectives
- 25.1 Introduction
- 25.2 Evolution of Banking
- 25.3 Types of Banking
- 25.4 Structure of American Banking System
  - 25.4.1 Unit Banking
  - 25.4.2 Group Banking
  - 25.4.3 Chain Banking
  - 25.4.4 Correspondent Banking

- 25.4.5 Special Features of Commercial Banks
- 25.5 Banking Regulation in US
  - 25.5.1 National Banking Act of 1863
  - 25.5.2 Federal Reserve Act of 1913
  - 25.5.3 Federal Deposit Insurance Corporation 1934
- 25.6 Let us Sum up
- 25.7 Questions for Self study
- 25.8 Books for Self study

#### **UNIT 26: Federal Reserve System**

- 26.0 Objectives
- 26.1 Introduction
- 26.2 Evolution
- 26.3 Structure of Federal Reserve System
- 26.4 Board of Governors
  - 26.4.1 Powers of Board of Governors
- 26.5 Federal Reserve Banks
  - 26.5.1 Structure and Capital
  - 26.5.2 Functions
  - 26.5.3 Issue of Federal Reserve Notes
  - 26.5.4 Credit Control
- 26.6 Federal Open Market Committee
- 26.7 Member Banks
- 26.8 Let Us Sum Up
- 26.9 Questions for Self Study
- 26.10 Books for Self Study

#### **UNIT 27: New York Money Market**

- 27.0 Objectives
- 27.1 Introduction
- 27.2 Treasury Bill Market
- 27.3 Bankers Acceptance Market
- 27.4 Commercial paper market
- 27.5 Certificates of Deposits Market.
- 27.6 Federal Fund Market

- 27.7 Eurodollar Market
- 27.8 Let us sum up
- 27.9 Question for self study
- 27.10 Books for self study

**BLOCK 7:**

**UNIT 28: Commercial Banking**

- 28.0 Objectives
- 28.1 Introduction
- 28.2 Evolution of Commercial Banking in India
- 28.3 Social control
- 28.4 Nationalization of Commercial Banks
  - 28.4.1 Arguments for nationalization
  - 28.4.2 Arguments against nationalization
  - 28.4.3 Progress of nationalized banks
- 28.5 State Bank of India
  - 28.5.1 Organization and Management
  - 28.5.2 Functions
  - 28.5.3 Progress
- 28.6 Reserve Bank of India
  - 28.6.1 Organization
  - 28.6.2 Functions
- 28.7 Let us sum up
- 28.8 Review Questions
- 28.9 For Further study

**UNIT 29: Development Banking in India**

- 29.0 Objectives
- 29.1 Introduction
- 29.2 Industrial Finance Corporation of India (IFCI)
- 29.3 National Bank for Agriculture and Rural Development (NABARD)
- 29.4 Industrial Development Bank of India (IDBI)
- 29.5 State Finance Corporations (SFCs)
- 29.6 Small Industries Development Bank of India (SIDBI)
- 29.7 State Industrial Development Corporations (SIDC)

- 29.8 Let us sum up
- 29.9 Review Questions
- 29.10 For further reading

**UNIT 30: Investment Institutions**

- 30.0 Objectives
- 30.1 Introduction
- 30.2 Unit Trust of India (UTI)
- 30.3 Life Insurance Corporation of India (LIC)
- 30.4 General Insurance Corporation of India (GIC)
- 30.5 Industrial Credit and Investment Corporation of India
- 30.6 Let us sum up
- 30.7 Review Questions
- 30.8 For further reading