

**UNIVERSITY OF CALICUT**

**(Abstract)**

**M.A Economics – II Semester Syllabus – CUCSS – in affiliated colleges– implemented with effect from 2010 admission – approved – orders issued.**

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**GENERAL & ACADEMIC BRANCH IV 'B' Section**

**No.GAIV/B1/4114/2010**

**Dated, Calicut University,.P.O., 22.12.2010**

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**Read: 1) U.O. No. GA IV/J1/1373/08 dated 23.07.2010.**

**2) U.O. of even No. dated 19.08.2010.**

**3) Item No. I of the Minutes of the meeting of the Board of Studies in Economics (PG) held on 14.12.2010.**

**4) Orders of Vice Chancellor in the file of even No. dated 21.12.2010.**

**ORDER**

**Vide paper read 1<sup>st</sup> above, CUCSS has been introduced at PG level in affiliated colleges of Calicut University with effect from 2010 admission onwards.**

**Vide paper read 2<sup>nd</sup> above, 1<sup>st</sup> Semester Syllabus of M.A Economics under CUCSS in affiliated colleges was implemented with effect from 2010 admission.**

**Vide paper read 3<sup>rd</sup>, the Board of Studies in Economics (PG) at its meeting held on 14.12.2010 finalised and approved the syllabus of II<sup>nd</sup> semester M.A Economics under CUCSS in affiliated colleges, with effect from 2010 admission.**

**The Vice Chancellor after having considered the matter, and in view of urgency, exercising the powers of Academic Council has approved the minutes of the meeting of the Board of Studies in Economics (PG) held on 14.12.2010, for implementation.**

**Sanction has therefore been accorded for implementing the II<sup>nd</sup> Semester Syllabus of M.A Economics under CUCSS in affiliated colleges with effect from 2010 admission, subject to ratification by Academic Council.**

**Orders are issued accordingly.**

**The syllabus is appended herewith.**

**Sd/-**

**DEPUTY REGISTRAR (G&AIV)  
For REGISTRAR**

**To**

**The Principals of all colleges  
offering M.A Economics.**

**Copy to : CE/En/EG/DR – AR PG Section/PG Tabulation Section/  
Library/GA I 'F' Section/System Administrator with a request  
to upload the syllabus in the University website.**

**Forwarded / By Order**

**Sd/-**

**SECTION OFFICER**

**CORE COURSE V**  
**M.A.ECONOMICS (CSS)**  
**II SEMESTER**  
**MICRO ECONOMIC THEORY AND APPLICATIONS - II**  
**Credit 4**

Total Hours: 90

Lecture Hours: 70

Seminar Hours: 20

**Module-I: Input Output Analysis:** Technical coefficients – Hawkin-Simon condition –  
Leontief’s open system-closed system

Reference: (1),(2),(3)and(4)

**Module II: General Equilibrium and Welfare Economics:** Social welfare function-Pareto  
optimality-Kaldor-Hicks compensation criterion-Scitovsky criterion - Theory of second best-  
Arrow’s impossibility theory-Rawls theory of justice-Externalities-Production and consumption  
Externalities and (a) efficiency (b) property rights-the tragedy of commons.

Reference: (7),(10),(11),(12)and (13).

**Module III-Economics of information:** Search cost-searching for the lowest price-search and  
advertising.

Adverse selection-market for lemons-welfare implications of adverse selection-market signaling-  
moral hazard and insurance markets-“principal-agent problem”-the efficiency wage theory.

Reference:(6),(8),(11) and (13).

**Module IV: Distribution:-** Euler’s theorem and adding up problem-macro theories of  
distribution-Ricardo-Marx-Kalecki-Kaldor

Reference: (5),(9) and (10)

**Module V: Asset markets:-** Equilibrium with certainty-equilibrium with uncertainty-the capital  
asset pricing model-The Arbitrage pricing theory.

Reference: (14)

**References:**

(1)Allen R.G.D.,”Mathematical Economics” 2<sup>nd</sup> Edition ( ELBS &Macmillan)

(2)Archibald G.C.and Lipsey ,Richard G.,”An introduction to a mathematical treatment of  
economics 3<sup>rd</sup> edition( ELBS&Weidenfeld and Nicolson.)

(3)Awh,Robert Y., “Microeconomics”Theory and applications ( John Wiley and Sons Inc.)

(4)Baumol,William J.”Economic Theory and Operations Analysis” 4<sup>th</sup> edition( PHI.)

- (5) da Costa,G.C. , “ Value and Distribution”. ( Himalaya publishing house.)
- (6). Gravelle, Hugh and Rees, Ray ., “Microeconomics”2<sup>nd</sup> edition ( Pearson Education.)
- (7) Henderson, James M. and Quandt ,Richard E., “Micro economic theory “ A mathematical approach. (McGraw Hill International Book Company )
- (8) Ine’sMacho-Stadler and J.David Pe’rez-Castrillo .,“An introduction to the economics of information” 2<sup>nd</sup> Edition (OUP )
- (9) Joshi,J.M., “Theory of value,distribution and welfare economics” (Vikas publishing house pvt ltd )
- (10). Koutsoyiannis.A., “Modern Microeconomics”2<sup>nd</sup> edition ( TheMacmillian Press)
- (11)Pindyck,Robert.s.,Rubinfeld,Daniel ,L .and Metha , Prem L.,”Microeconomics”,6<sup>th</sup> edition (OUP )
- (12) Russel, R.Robert and Wilkinson, Maurice., “Microeconomics”A synthesis of modern and neo classical theory ( John Wiley&sons)
- (13)Salvatore,Dominick ., “Principles of Microeconomics” 4<sup>th</sup> edition( OUP)
- (14)Varian,Hal R ., “Microeconomic Analysis” 3<sup>rd</sup> edition (Viva Books Private Ltd)

**CORE COURSE VI**  
**M.A.ECONOMICS (CSS)**  
**II SEMESTER**  
**MACRO ECONOMIC THEORY AND POLICY - II**  
**Credit 4**

Total Hours: 90  
Lecture Hours: 70  
Seminar Hours: 20

**Module I: Micro foundations of monetary theory:**

Classical dichotomy -Say's identity-Say's equality-Inconsistency between Say's law and the quantity theory of money - Walrasian system -Arrow-Debreu Model-Samuelson's overlapping generations model -Clower's cash-in-advance model -Money illusion-Keynes effect and Pigou effect-Patinkin's real balance effect.

**Module II: Demand for and supply of money:**

Baumol, Tobin and Friedmans' demand for money theories- Behavioural, money multiplier and endogenous money supply models- Fisher effect.

**Module III: Inflation and unemployment:**

Phillips curve-Natural rate of unemployment-expectation augmented Phillips curve-Non-accelerating inflation rate of unemployment (NAIRU)-Search theory-DMP(Diamond, Mortenson, Pissarides) model

**Module IV: Macroeconomic policy:**

Targetting monetary aggregates-Targetting interest rates-Inflation targetting-Budget deficits and money creation-The Barro-Ricardo equivalence theorem (The Ricardian equivalence)- Hyper inflation-Costs of inflation- The issue of Central bank autonomy-Rules vs discretion- The Taylor Rule-Time inconsistency of policy.

**References:**

1. Joseph Aschheim and Ching Yao Hsieh, "Macroeconomics;Income and Monetary Theory", 1969, Charles E.Merrill Pub.Co
2. Merin K.Lewin and Paul D Mizen "Monetary Economics", 2000, Oxford Uty Press

3. Gregory Mankiw, "Macroeconomics", 2006, Worth Publishers

4. Gregory Mankiw “Principles of Macroeconomics”, 2007, Thomson, Indian Ed
5. Mark Blaug, “Economic Theory in Retrospect”, 1992, Cambridge Uty Press
6. Rosalind Levacic and Alexander Rebman “Macroeconomics”, 1982, McMillan
7. Robert Clower, (Ed) “Monetary Theory”, 1967, Penguin Books
8. N.N.Shrivastava “New Dimensions in Monetary Theory”, 1986, Print House (India)
9. Jagadeesh Handa, “Monetary Economics”, 2000, Routledge
10. Bernhard Felderer and Stefan Homburg, “Macroeconomics and New Macroeconomics”, 1992, Springer Verlag
11. David Romer “Advanced Macroeconomics”, 1996, McGrawhill
12. Rudiger Dornbusch and Stanley Fischer “Macroeconomics”,1994, McGrawhill
13. Andrew Abel and Ben Bernanke “Macroeconomics”, 2003, Pearson,Indian Ed
14. Richard T.Froyen “Macroeconomics”, 2003, Pearson Indian Ed
15. Robert J Gordon “Macroeconomics”, 1990, Harper Collins
16. EricPentecost “Macroeconomics an Open Economy Approach”, 2002, Paperback, McMillan

**CORE COURSE VII**  
**M.A.ECONOMICS (CSS)**  
**II SEMESTER**  
**QUANTITATIVE TECHNIQUES - II**  
**Credit 4**

Total Hours: 90  
Lecture Hours: 70  
Seminar Hours: 20

**Module 1:** Probability distributions – Discrete distribution – Distribution function – Properties of Distribution functions – Mathematical expectation – Binomial distribution – Mean of Binomial distribution – variance of Binomial distribution – Skewness and Kurtosis of Binomial distribution – Fitting of Binomial distribution – Poisson distribution – Mean of Poisson distribution – variance of Poisson distribution – Fitting of Poisson distribution

**Module 2:** Concept of continuous distribution Normal distribution – Properties of Normal distribution –Importance of Normal distribution – Area under Normal distribution – problems in normal distribution using normal distribution tables – Log Normal distribution (concept and applications only)

**Module 3:** Concept of population – sample - Theory of Sampling distributions – Standard Error – Sampling distribution of Sample mean – Chi square distribution – Student t distribution – F distribution – Central Limit theorem

**Module 4:** Estimation theory – Point estimation – Properties of point estimation – Interval estimation – Confidence intervals – Test of Hypothesis – Null and alternative hypothesis – Type I and Type II errors – Critical region – Level of significance – Power of a test – Critical value – Neymann Pearson Lemma –

**Module 5:** Testing Mean of a population – Testing equality of means of two populations – Test of proportion of success of a population – Testing of equality of two population proportions – t test for the population mean – t test for the equality of two population means – paired t test – ANOVA

#### Books

1. Taro Yamane Statistics, an introduction
2. Hoel PG Introduction to Mathematical Statistics
3. YP Agarwal Basic Statistics, Statistics for Behavior Sciences
4. K X Joseph Quantitative Techniques
5. S P Gupta Statistics

**CORE COURSE VIII**  
**M.A.ECONOMICS (CSS)**  
**II SEMESTER**  
**INTERNATIONAL TRADE – THEORY AND POLICY**  
**Credit 4**

Total Hours: 90  
Lecture Hours: 70  
Seminar Hours: 20

**Module - 1: International Trade and Economic Development**

Importance of trade to Development – Trade as an engine of growth – Import substitution versus export orientation - Export instability and economic development – Terms of trade and Economic Development.

**Reference**

- 1 Dominick Salvatore**, *International economics* seventh edition, (John Wiley and Sons) Chapter XI
- 2. Joseph E Stiglitz and Andrew Charlton**, *Fair Trade for All: How Trade can Promote Development*, (Oxford University Press), 2005 Chapters II
- 3. Robert J Carbaugh**, *International Economics* IX<sup>th</sup> Edition, (Thomson South-western), 2004 Chapters I

**Module - 2 Development in Trade Theories**

Demand and Supply in trade - Offer Curves and Terms of trade. Factor Endowment and factor intensity - Heckscher Ohlin Theory – Leontief Paradox – Factor Price Equalization Theory – Stolper Samuelson theorem; Metzler Paradox; Economies of Scale and trade (Need not go into different models). Imperfect competition and trade: Product differentiation and trade; Technological gap product cycle theories – Transportation cost trade; environmental standards and trade;



## Reference

**Dominick Salvatore**, *International Economics* Seventh Edition, (John Wiley and Sons) Chapters IV, V and VI.

## Module - 3 Economic Growth and International trade

(Need not explain the causes of growth especially different types of technical progress)  
Protrade, anti trade and neutral trade growth. Rybczynski Theorem – Immiserising Growth – Dutch disease – Prebisch - Singer Thesis

## Reference

**1. Dominick Salvatore**, *International Economics* Seventh Edition, (John Wiley and Sons) Chapters VI and XI

**2. Jagdish Bhagwati and Arvind Panagariya and T N Srinivasan**, *Lectures on International Trade* 2 nd edition, (oxford University Press), 2003

## Module - 4 Trade policy and Economic integration

Non tariff barriers and New protectionism (Avoid quotas as it is taught at degree levels):  
Dumping and Anti dumping duties; Exchange control; Trade monopolies; Export subsidies;  
Counter veiling tariff; Voluntary Export Restraints; Technical (including health and safety) standards, Administrative and other regulations; Economic Integration - Theories of customs union; Regional Trade Agreements, Regionalism and New Trade theory Strategic trade and Industrial policies.

## Reference

**1. Dominick Salvatore**, - *International Economics* Seventh Edition, (John Wiley and Sons) Chapters IX and X

**2. Charles Van Marrewijk and Ottens**, *International Economics Theory, Application and Policy*, (Oxford University Press), 2007 Chapters XIII

**3. Giancarlo Gandolfo** -, *International Trade*, (**Spinger International Edition**), 2006. Chapters X