

## 10. ECONOMICS (HONS.)

### Scheme :

Four Papers	Duration	Max. Marks	Min. Pass Mark
Paper IX	3 hrs.	100	
Paper X	3 hrs.	100	160
Paper XI	3 hrs.	100	
Paper XII	3 hrs.	100	

**Note :** Each question paper shall be of 3 hours duration. The question paper shall contain two parts :

Part A shall be compulsory containing 2 questions of 20 marks each. Question one shall contain 20 questions of multiple choice type and of one mark each. Second question shall contain 10 questions of limited words (maximum 20 words) answer and of two marks each. Marks can be deducted if answer exceeds 20 words. This part of the Questions Paper shall be of one hour duration. The questions in this part can be asked from the entire course.

Part B of the Questions Paper shall have 2 questions of descriptive type from each of the 3 sections, and shall carry 60 marks. The

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candidates shall be required to attempt one question of 20 marks from each section.

**Paper-IX Public Finance**

Duration : 3 hrs.

Max. Marks : 100

**Section 'A'**

Nature and scope of public Finance. Role of Government in the economy. Wagner's Law. Optimal Budgeting.

Principles of Maximum Special Advantage.

Public Expenditure—Cannons of Public Expenditure. Theory of social Goods-indivisibility of consumption, Impossibility of exclusion and essentiality. Effects of a Good Tax System, Equi-proportional. Equimarginal and Least Aggregate Sacrifice.

**Section 'B'**

Shifting and Incidence-Impact, Incidence and Shifting. Incidence of taxation under Monopoly and Perfect Competition.

Direct versus Indirect taxes-an elementary approach.

Effects of taxation on Production, Growth and Distribution.

Theory of Public Debt. Economic effects of Public debt, Debt burden. Fiscal Policy-meaning, objectives and its role as compensatory and anti-inflationary policy (An elementary approach). Concept of Balanced Budget Multiplier.

**Section 'C'**

Economic and Functional Classification of budget of Government of India. Major trends in Public Expenditure, Tax Revenue and Non-Tax revenue of the Central Government, Deficit Financing. Concepts of Budget Deficits. Trends in Internal and External debt of India.

**Book Recommended :**

1. R.A. Musgrave, Theory of Public Finance.
2. R.A. Musgrave and P. Musgrave, Public Finance in Theory and Practice.
3. S. Ganguli, Public Finance.
4. H.L. Bhatia, Public Finance. (Latest Ed.)
5. D.N. Dwivedi. (Ed.) Readings in Indian Public Finance (Relevant Chapters).
6. Prem Prakash Sharma, Sarvajanik Vitt Ke Siddhant.

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**Reference Book :**

1. Government of India, Economic & Functional Classification of Central Government Budget.

**Paper X : Development Economics**

Min. Pass Marks : 40      3 hrs. Duration      Max. Marks : 100

**Section 'A'**

Characteristics of under-developed countries-Growth and their relative contribution. Natural Resources, Manpower, Capital Technology, Institutions, State Power, Impediments to development and their inter-connections.

**Section 'B'**

Modern approaches to the theories of Development, Nurkse, Rodan Lewis, Hirschman, Leibenstein, Planning for Economic Growth, Saving Ratio and Resource Mobilisation. Investment Criteria and Social cost benefit analysis (.....). Problems of an open economy and Globalisation.

**Section 'C'**

Indian Planning-Objectives, Strategy of development pattern of Public Investment and Financing under plans (with emphasis on the Latest Plan).

Main Features of the Eighth five Year Plan.

**Book Recommended :**

1. W.A. Lewis, Development Planning.
2. E. Lebargen, Economic Development.
3. M.E. Jhingan, Economic of Development.

**Paper-XI : Money and Financial System**

Min. Pass Marks : 40      3 hrs. Duration      Max. Marks : 100

**Section 'A'**

Money : Functions-demand for money-supply of money. Currency vs. plastic money. Reserve Money and Money supply. Inflation: meaning, control and impact. Quantitative Theory of Money : Transaction, Cash Balance, Keynesian approaches-The Friedman's analysis of changes in quantity of money and GNP. Inter- relationship between money-supply, price level and output.

Finance-Role of finance in an economy-financial system : components, money and capital markets and instruments-Development

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banks and other non-banks financial intermediaries : categories, functions and individual salient feature.

**Section 'B'**

Commercial Banks-Functions : Conventional and new Bank deposits and negotiable instruments. Process and limitations of multiple credit creation-basic principles of bank liquidity and income.

A bank's balance-sheet : importance and analysis of major assets and liabilities of any commercial bank-problem of capital adequacy of banks in India-Non-Performing advances-concept, practice and management-Non challenges for the banking industry in India.

**Section 'C'**

Reserve Bank of India-Functions including its supervision over the Indian financial system-major instruments of monetary and credit control used in India. Main features of our monetary policy, its contribution to economic growth and price stability since the mid-1980s.

Interest rates-Level and Structure of bill rate. Long-dated securities rate, basic lending rate and deposit matter and an appropriate set-off policy, essentials of a healthy interest rate policy. Sources of data on Indian Monetary System.

**Book Recommended :**

1. L.V. Chandler and S.M. Goldfeld-The Economics of Money and Banking (Latest ed.) chs. 1-7, 18.
2. S.B. Gupta : Monetary Economics, chs. 1-10, 15-20.
3. Reports of the committees to Review the working of the Monetary system (April, 1985), chs. 4, 5-8, 10-13.
4. Report of the Committee (Narasimhan) on the Financial system (Nov. 1991), chs. VIII.
5. N.S. Toor : Non-Performing Advances in Banks (Skylark, J.D.).

**Paper: XII : Mathematical Economics**

Min. Pass Marks : 40      3 hrs. Duration      Max. Marks : 100

**Section 'A'**

Theory of Consumer Behaviour : Concavity of utility functions and convexity of Indifference curve. Maximization of Utility, Derivation of Demand functions-ordinary and compensated demand functions. Elasticity relations in demand theory-Engle aggregation condition and Cournot condition. Income and leisure- derivation of labour supply function. Slutsky equation-Derivation for 2-commodity case, its elasticity form and interpretation.

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**Section 'B'**

Theory of Firm—A well-behaved production function. Linearly Homogeneous production function, Cobb-Douglas production function, Elasticity of substitution for Cobb-Douglas and CES production functions. Optimisation behaviour of a firm—Profit Maximisation, output Maximisation and Cost Minimisation, Derivation of input demand functions from Cobb-Douglas production function. Consumer's and producer's surplus.

**Section 'C'**

Linear programming—Formulation, Graphical solution, simplex method with two variables for maximization only, concept of Primal and dual. Input-Output analysis-Hawkins Simon Conditions of viability and determination of gross output only.

Game-theory : Two Persons-Zero sum game (saddle point solution only). Cobweb Model.

**Book Recommended :**

1. J.M. Henderson & R.L., Quandt, Microeconomic Theory : A Mathematical Approach, 3rd Ed. (relevant chapters for Sections A & B).
2. B.C. Mehta & G.M.K. Madhani, Mathematics for Economists (relevant chapters, latest edition).

**Reference Books :**

1. Alpha C. Chiang, Fundamental Methods of Mathematical Economics, 3rd Ed. (Relevant chapters for Section "C").
2. Deward T. Dowling; Mathematics for economists, Schaum's outline Series (Relevant Chapters).
3. B.C. Mehta, Mathematical Economics : Micro Economic Models (Relevant Chapters).

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