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# UNIVERSITY OF DELHI

SCHEME OF EXAMINATION  
AND  
COURSES OF READING  
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B. A. (HONS.) EXAMINATION IN ECONOMICS

- Part I Examination 1992
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UNIVERSITY OF DELHI

B.A. HONOURS IN ECONOMICS

SCHEME OF EXAMINATIONS

		Max Marks	Duration Hours
<b>Examination 1992</b>			
Paper .	I—Micro Economics I	50	2
Paper .	II—Economic History of India (1857-1947)	50	2
Paper .	III—Statistical Methods for Economics	50	2
Paper :	IV—National Income Accounting	50	2
<b>Examination 1993</b>			
Paper :	V—Micro Economics II	50	2
Paper :	VI—Macro Economics	50	2
Paper :	VII—Money and the Financial-System	50	2
Paper :	VIII—Mathematical Methods for Economics	50	2
<b>Examination 1994</b>			
Paper :	IX—Public Finance	50	2
Paper :	X—Comparative Economic Development	50	2
Paper :	XI—Economic Systems	100	3
Paper :	XII—Development Problems and Policy	100	3
Paper :	XIII—Indian Economy since Independence	100	3



1994

NOTES:

In many papers (such as VII, IX, XII, XIII above), the readings suggested may be suitably revised from time to time in the light of the availability of new reading material;

Wherever periodic publications, such as the *Economic Survey*, *Report of Finance Commission*, have been recommended as readings, the latest issues available at the beginning of an academic year will serve as the readings in question.

## DETAILED COURSES OF READING

PAPER I : *Micro-Economics-I\**

50 Marks

1. *Introduction* : Basic problems of an economy, construction and verification of economic theories; notions of equilibrium, dis-equilibrium, market demand, market supply and determination.
2. *Theory of Consumer's Behaviour* : Marshallian analysis, indifference curve approach ; revealed preference theory, law of demand ; elasticity of demand.
3. *Theory of Production* : Factors of production; production function; production possibility curves; cost curves; marginal function; elasticity of supply.
4. *Theory of Firm and the Market Structure* : Profit maximisation objective of the firm
  - (a) perfect competition : equilibrium of the firm; supply and the equilibrium of the industry; market adjustment and the stability of equilibrium.
  - (b) Imperfect competition : equilibrium under monopoly, price discrimination; monopolistic competition; oligopoly, Cournot's solution, kinked demand curve.

\*Treatment of the subject is intended to be non-mathematical.

## BASIC READINGS :

1. R.G. Lipsey, *An Introduction to Positive Economics*, 2nd edition.
2. P.A. Samuelson, *Economics*, latest edition.
3. W. Stonier and D.C. Hague, *A Textbook of Economic Theory*, 4th edition, 1972, Chs. 4,5,8,9, (Secs. 1-9)

## OPTIONAL READINGS :

4. W.J. Baumol, *Economic Theory and Operation Analysis*, 4th edition, 1978, Chs 11, 15, 16.
5. A. Koutsoyiannis, *Modern Micro economics*, 2nd edition, 1972, 2 (Secs. I and II), 3 (Secs. I, II and IV) 4 (Secs. I, II, III)

PAPER II : *Economic History of India 1857-1947* 50 Marks

1. General history of the period 1857-1947. Institutional developments: the relationship between the British Government, the Government of India and the provinces.
2. The social and economic structure of India in 1857.
3. Main trends in the economy, 1857-1947 : Population, labour force, national income, foreign trade and payment; growth of the modern sector.
4. Agrarian Relations. Trends in output and productivity of agriculture and per capita food availability. Government policy towards agriculture, irrigation, famines and rural credit.
5. The changing structure of modern industry : role of domestic and foreign enterprise and government policy. The emergence of a modern labour force and the growth of trade unions.
6. The colonial impact and domestic responses : an assessment. Fiscal and trade policies : the debate between government and its critics.

Regarding topic 3 a general familiarity with broad trends is expected; the student will not be expected to memorize figures.

Regarding topic 5, a detailed study of individual industries is not expected.

## REFERENCES :

- Sumit Sarkar : *Modern India*, Chs. 1,2 (Part 1), 3,4,5,6,7.
- V.B. Singh (ed): *Economic History of India, 1857-1956*, Chapter by T.N. Madan
- B.R. Tomilson : "India and the British Empire, 1880-1935", *Indian Economic and Social History Review*, Vol XII, 1975
- Rajat Ray : *Industrialization in India, 1857-1947*, Chs. 1,2,4 and 5.
- C.J. Dewey and K.N. Chaudhuri (ed.), *Economy and Society Essays in Indian Economic and Social History*, Ch. 10.
- S.N. Agarwala : *India's Populations, Problems*, Ch. 4.

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7. G. Blyn : *Agricultural Trends in India : Output, Availability and Productivity*, Chs. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.
8. S. Sivasubramoniam : *National Income of India, 1900-01 to 1946-47* (Ph.D. thesis, mimeo), last chapter.
9. H. Venkatasubbiah : *Foreign Trade of India, 1900-1946*, Pt. I, Pt. II, Pt. III, Pt. IV, Pt. V, Pt. VI, Pt. VII, Pt. VIII, Pt. IX, Pt. X, Pt. XI, Pt. XII, Pt. XIII, Pt. XIV, Pt. XV, Pt. XVI, Pt. XVII, Pt. XVIII, Pt. XIX, Pt. XX, Pt. XXI, Pt. XXII, Pt. XXIII, Pt. XXIV, Pt. XXV, Pt. XXVI, Pt. XXVII, Pt. XXVIII, Pt. XXIX, Pt. XXX.
10. D.R. Gadgil : *The Industrial Evolution of India in Recent Times, 1860-1939*, (1971), Chs. II, V, VII, IX, X, XI, XV, XX.
11. A.J. Youngson (ed.) : *Economic Development in the Indian Economy*, paper by Macpherson.

**PAPER III : Statistical Methods for Economics**

50 Marks

1. *Univariate frequency distributions* : Measures of location, first four moments; measures of dispersion, skewness and kurtosis.
2. *Bivariate frequency distributions* : Correlation; regression with one independent variable; method of least squares; simple analysis of attributes.
3. *Elementary Probability Theory* : Concepts of events and probability; addition and multiplication theorems; conditional probability and independence of events; concept of a random variable; probability distribution; mean and variance of a random variable; binomial and normal distributions.
4. *Sampling* : Random sample; concept of sampling distribution; distribution of the sample mean; concept of tests of significance; tests of significance of the mean and the regression coefficient (only normal distribution to be used for the discussion of sampling distribution, and tests of significance).
5. *Index Numbers* : Concept of an index number; Laspeyres's and Paasche's indexes, factor reversal tests; chain index; index; problems in the construction of index numbers.
6. *Time Series Analysis* : Objectives; components of a time series; measurement of trend by moving averages; linear and exponential growth curves; measurement of seasonal variations.

**READINGS :**

1. P.H. Karmel and M. Polasek, *Applied Statistics for Economists* (3rd Edn.), Chs. 5,6,7 (secs. 7.1-7.6), 10 (secs. 10.1, 10.2, 10.4, 10.5), 11, 13.
2. F.E. Croxton, D.J. Cowden and S. Klein, *Applied General Statistics* (3rd Edn.), Chs. 11, 12 (pp. 230-243), 13 (pp. 256-267), 14, 17-19, 24 (pp. 537-551).
3. A.L. Nagar and R.K. Das, *Basic Statistics*.
4. M.R. Spiegel, *Statistics*.

**PAPER IV – National Income Accounting**

50 Marks

1. The Production Process in a modern economy—relationship between stocks and flows. Generation of value added and factor incomes by a production unit and an economy—an elementary discussion of the input-output transactions matrix.
2. *Issues in the Concept of National Income* : Concepts of Production; distinction between intermediate and final products including treatment of government; concept and treatment of depreciation.
3. *Measurement of National Income* : Various ways of looking at National Income; production, income distribution and disposition; an outline of the three methods of measuring national income; estimation of national income in India; a general discussion of the methods and difficulties.
4. *National Income Aggregates* : Measuring the interrelationships.
5. *Uses and Limitations of National Income* : Problems of comparisons over time and among nations. National Income as an indicator of welfare; personal and regional distribution; quality of life indices as an alternative.
6. *National Income Accounts* : Classification of transactions and transactions, use of the double entry principle in the account of a firm and in national income accounts. Elementary notions of sources and uses of funds. Consolidated national accounts of India.
7. *National Capital* : Methods and problems of estimation.
8. *Balance of Payments Account* : Structure and classification.

## READINGS

1. J.R. Hicks, *The Social Framework* (1971), Chs. 2,3,8,10, 11, 12, 13 and 15 and Appendix Note C.
2. Russel Mathews, *Accounting for Economists*, Chs. 18, 19 (Sec. I).
3. Wilfred Beckerman, *An Introduction to National Income Analysis*, Chs. 1, 2, 3, 4, 8, 7
4. Paul Studenski, *Income of Nations*, Part II (1961). Chs. 11, 12 (Sec. (1, 3) 13,14,15 (Sec. 1), 16 (Sec. 1,3,4) 17 (Sec. 1), 18 (Sec. 4c).
5. William I. Abraham, *National Income and Economic Accounting* (1969) Ch. 4)
6. C.S.O. *National Accounts Statistics* (Latest Issue)
7. C.S.O. *National Accounts Statistics : Sources Methods 1969*
8. Richard and Giovanna Stone, *National Income and Expenditure* (1972), Ch. 6
9. Reserve Bank of India, *India's Balance of Payments 1948-49 to 1961-2*, Ch. 1 Pages 1—12

PAPER V - *Micro Economic-II*

Marks 50

1. *Factor Pricing and Distribution* : Theories of rent—Ricardian and modern theories; determination of wages, interest and profit.
2. *General Equilibrium* : Concepts of partial and general equilibrium; equilibrium of exchange; Edgeworth box diagram.
3. *Linear Models* : Elementary input-output analysis; introduction to linear programming and simple applications.
4. *Welfare Economics* : Pareto optimality; limitations of the Pareto criterion; compensation principle (Kaldor-Hicks, Scitovsky criteria); social welfare function; competitive equilibrium and Pareto optimality ; market failures.
5. *International Trade* : Ricardian and Heckscher-Ohlin theories; gain from trade; International trade and factor prices.

## BASIC READINGS :

1. R.G. Lipsey, *An Introduction to Positive Economics*, latest edition.
2. P.A. Samuelson, *Economics* latest edition.

3. W.J. Baumol, *Economic Theory and Operations Analysis*, 4th edition, 1978. Chs. 5 (Secs 1-3), 21, 22, 24.
4. C.P. Kindlebrger, *International Economics*, 1973, Chs 1-4.
5. B. Soderston, *International Economics*, 1971, Part I.
6. A. Koutsoyiannis, *Modern Microeconomics*, 2nd edition, Chs. 20 (Secs. I-III), 21 (Secs. 1A, III), 23 (Secs A-D).

PAPER VI — *Macro Economics*

50 Marks

1. The economy as a 'Circular flow' of income and expenditure.
2. The determination of income and employment : determination of the level of income in the short run—aggregate demand: the consumption function, multiplier process; the investment function—marginal efficiency of capital; liquidity preference and the rate of interest, interaction of commodity and money markets.  
Determination of employment : Keynesian and neoclassical theories; their limitations when applied to LDCs.
3. Determination of the general level of prices; the Quantity Theory of Money; Inflation—Cost push, demand pull and structural theories.
4. Balance of payments: Its components; exchange rates; adjustment in current account through price and income changes; capital movements.

## READINGS

1. E. Shapiro, *Macroeconomic Analysis*.
2. B. Soderston. *International Economics*, Chs. 13-16.
3. V.K.R.V. Rao, 'Investment Income and Multiplier in an underdeveloped Economy' *The Indian Economic Review* (February 1952), Reprinted in A.N. Agarwala and S.P. Singh (eds.) *The Economics of Underdevelopment*, pp. 205-18 and V.K.R.V. Rao, *Essays in Economic Development* (1964), Ch.3.
4. Milton Friedman, "The Quantity Theory of Money" reprinted in A.A. Walters (ed.) " *Money and Banking, Selected Readings*, (Penguin), pp. 36-55.
5. Harry G. Johnson. *Essays in Monetary Economics* (1969), Essay 3, pp. 104-42.

PAPER VII—*Money and the Financial System*

50 Marks

Note: Parts of monetary theory will be covered in Paper I, Macro Economics.

1. Money : Functions : alternative measures of money supply in India—their different components; meaning and change in the relative importance of each in India. High powered money: meaning and uses, sources of changes in it.
2. Finance : role of finance in an economy; kinds of financial system; components; financial intermediaries, markets and instruments; functions of each.
3. Commercial banks : importance, function, balance sheet of a bank : meaning and importance of the main liabilities and assets; Co-operative banking in India.
4. The process of credit creation by banks; determination of money supply and total bank credit, nominal and real.
5. Development banks and other non-bank financial institutions: main features; unregulated credit markets in India : main features.
6. The Reserve Bank of India—functions: instruments of monetary and credit control. Main features of monetary policy in India since Independence.
7. Problems and policies of allocation of institutional credit : (a) between the government and the commercial sector; (b) inter-sectoral and inter-regional, and (c) between large and small borrowers. Operation of conflicting pressures before and after the nationalisation of banks in 1969.
8. Interest rates—various rates in India (viz. bond rate, bill rate, deposit rates, etc.) administered rates and market-determined rates; sources of differences in rates of interest; the behaviour of the average level of rates of interest since 1951—impact on inflation and inflationary expectations.

## READINGS :

(Starred readings are recommended, not required)

1. L.V. Chandler and S.M. Goldfeld, *The Economics of Money and Banking*, 7th ed. 1977 Chs. 1—7, 18.

2. L.V. Chandler, *The Monetary Financial System*, 1977 Chs. 1, 4\* 5\*, 12\*, 13\*.
3. S.B. Gupta, *Monetary Planning for India*, 1979, pp. 1—6, 44-48, 51-62, 103-174, 197-200.
4. M.Y. Khan, *Indian Financial System—Theory and Practice*, 1980.
5. D.N. Ghosh, *Banking Policy in India—An Evaluation*, 1979, Chs. 7-13.
6. Reserve Bank of India, *Functions and Working*, 1970
7. Banking Commission, *Report*, Ch. 17.
8. S.B. Gupta, *Monetary Economics* Chs. 1-10, 15-20.

PAPER VIII : *Mathematical Methods for Economics*

50 Mark

1. *Matrices* : Elementary operations—Determinants : computation of the inverse matrix : linear simultaneous equations—Cramer's rule for solution. (All discussions in terms of matrices of order 2 and 3.)
2. *Functions* : Sets, relations and functions; functions and diagrams in economic theory; elementary analytical geometry—straight line, circle, parabola, hyperbola and other curves; Polynomial, exponential, logarithmic and trigonometric functions; geometric and arithmetic progression.
3. *Derivatives* : Limits and continuity of a function; the derivative and its interpretation; the technique of differentiation; economic applications of the derivatives; convex set and concave functions; maxima and minima.
4. *Functions of two variables* : Partial derivatives; total derivative; constrained maximisation (minimisation), Lagrange multiplier; applications to theory of the firm and consumer behaviour.

## READINGS :

1. G.C. Archiblad and R.G. Lipsey : *An Introduction to a Mathematical Treatment of Economics* (3rd ed.) Chs. 3-11, 15.
2. R.G.D. Allen, *Mathematical Analysis for Economists*, Chs. 3, 5, 6, 8, 11, 12, 14.
3. A.C. Chiang, *Fundamental Methods of Mathematical Economics* (2nd edn.), Chs. 2,4,5,6,7,9, and 12.

4. W.J. Baumol, *Economic Theory and Operations Analysis* Chs. 2, 4.

PAPER IX — *Public Finance* (With Special Reference to India) 50 Marks

1. Fiscal functions in a developing economy: provision of social goods.
2. Government budgeting. Types of Government budget accounts—revenue and capital accounts. Economic and functional classification of the Central Government Budget. Rationale behind such classifications, method of deriving significant economic magnitudes.
3. Public receipts. (A) Taxation-equity criterion. Incidence of indirect taxes; efficiency criterion. Features and evaluation of the tax structure: tax evasion. Feasibility of Value Added Tax in India. Taxation of agriculture in India.
- B. Public borrowings. Sources, the instruments of Government borrowings in India (Short-term and long-term), relative importance.
- C. Deficit Financing. Meaning and trends in deficit financing in India. Economic effects of deficit financing.
4. Public expenditure. Factors influencing public expenditure. Wagner's law and the Peacock-Wiseman hypothesis. Trends in the level and composition of public expenditure in India. Growth in subsidies.
5. Fiscal federalism. Constitutional provision in India. Findings and recommendations of the latest Finance Commission.

READINGS

1. R.A. Musgrave and P.B. Musgrave, *Public Finance in Theory and Practice* (Third edition, 1980), Chapters 1, 3, (pp. 54-61), 7 (pp. 139-159), 10, 11, 12, (pp. 256-262), 13, 14, (pp. 301-313, 321-323), 24.
2. Raja J. Chelliah, *Fiscal Policy in Underdeveloped Countries* (Second edition) Chapters 2 (pp. 38-51); 3 (pp. 54-66, 85-90)
3. Government of India, Ministry of Finance, *An Economic and Functional Classification of the Central Government Budget 1966-67* (introduction only) and latest (for analytical aspects only)

4. Government of India, Ministry of Finance, *Explanatory Memorandum on the Budget of Central Government* (Latest available).
5. Government of India, Ministry of Finance, *Report of the Indirect Taxation Enquiry Committee* (L.K. Jha Committee) Part I (Sections 2, 3, 4, and 12) and Part II (Chs. 1, 17, and 18).
6. Ved P. Gandhi, *Some Aspect of India's Tax Structure*
7. K. N. Raj, "Direct Taxation of Agriculture," *Indian Economic Review*, Vol. VIII, No. 1, (New Series), April 1973.
8. S.B. Gupta, *Monetary Planning for India*, Ch. 6, (pp. 111-117).
9. Report of the latest Finance Commission.
10. Government of India. *Report of the Committee on Controls and Subsidies* (Vadilal Dagli Committee), May 1979, Ch. 2 (pp. 29-32), II (pp. 114-27).
11. G. Thimmiah, *Burdens of Union Loans on the States*, Chapters 1, 2 and 3.
12. V.B. Chuge, *Burdens and Benefits of India's National Debt* (1977), Chapter 1 (pp. 1-16).
13. Government of India, Ministry of Finance, *Final Report of the Direct Taxes Enquiry Committee* (K.N. Wanchoo Committee), December 1971 (pp. 4-18)
14. D.N. Dwivedi ed, *Readings in Indian Public Finance*. Readings 1, 2, 9, 11.

PAPER X—*Comparative Economic Development* 50 Marks  
(with reference to selected countries : U.K. 1760-1914  
Japan 1861-1939; U.S.S.R. 1917-1950)

1. Economic Growth and development: meaning and measurement, rate and time pattern of modern economic growth; major features of structural change and their inter-relations—labour productivity, capital formation, output, consumption, income and distribution of income.
2. Comparative study of historical patterns of development;
  - (i) Agrarian change and role of agriculture in the economic development of U.K. Japan, and U.S.S.R.
  - (ii) Industrial Revolution in U.K.—comparative study of the rate and pattern of industrialisation in U.K., Japan and U.S.S.R..

3. Role of the State in different economic systems—a study of the three selected countries.

**HEADINGS :**

1. S. Kuznets, *Modern Economic Growth : Rate Structure and Spread* (1966)
2. C. Cippolla (ed.) *Fontana Economic History of Europe, Vol. 4 Pt. I, Ch 3.*
3. Peter Mathias, *The First Industrial Nation.*
4. A. Nove, *An Economic History of the U.S.S.R. (1969), Chs. 4-8.*
5. Dobb, *Soviet Economic Development since (1977) Chs. 8-11.*
6. W.W. Lockwood (ed.) *The State and Economic Enterprise in Japan (1966) Chs. 1, 2.*
7. E.J. Hobsbawm, *Industry and Empire, Chs. 1-10, 12.*
8. W.W. Lockwood, *The Economic Development of Japan, Ch. 10.*

**PAPER XI—Economic Systems**

100 Marks

1. The notion of an economic system. Marx's concept of a mode of production and its use in defining systems. The relation between economic and other aspects of a society. Marx's theory of social change.
2. Characteristic features, of a capitalist economy. The accumulation process and technical change. Instability and crisis. The role of the State. Capitalism and Planning.  
The growth of monopoly and its implications for economic functioning. Modern capitalism and corporations. Imperialism and the role of multinationals.  
Long run development under capitalism: theoretical approaches and the historical record.
3. Classical ideas and the functioning of a socialist economy. The historical problems of socialism in a backward economy. The peasantry, industrialisation and primitive accumulation. Planning in theory and practice : the role of planning; possibility of rational calculation in a socialist economy, Lange-Lerner solution and its relevance; levels of decision making and the question of centralisation vs. decentralisation; patterns of investment and choice of techniques.

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'first law of socialist accumulation. Elements of economic and institutional structure in the USSR and Eastern Europe and planning methods. Problems in industry and agriculture and the question of economic reforms.

Issues in the Chinese development experience with special emphasis on communes and rural industrialisation.

**HEADINGS :**

1. Gregory Grossman : *Economic Systems* (Revised Edition) Chs. 1 & 2.
2. Oskar Lange, *Political Economy, Vol. I Chs. 1 and 2.*
3. Maurice Dobb, *On Economic Theory and Socialism, Chs. III, C and XV.*
4. J.A. Schumpeter, *Capitalism, Socialism and Democracy, Chs. II, VI-VIII.*
5. K. Marx and F. Engels, *Manifesto of the Communist Party, Sections I and II.*
6. Lionel Robbins, 'Individual Action in the Environment of Capitalism', in W.A. Leeman, (ed.) *Capitalism Market Socialism and Central Planning, Readings in Comparative Economic Systems.*
7. J.K. Galbraith, *The New Industrial State, Chs. 2-7.*
8. R. Blackburn, *The New Capitalism, in Blackburn, ed. Ideology in Social Science.*
9. M. Kalecki, 'Political Aspects of Full Employment' in E.K. Hunt and J.G. Schwartz, (eds.) *A Critique of Economic Theory.* (Also in M. Kalecki, *The Last Phase in the Transformation of Capitalism*).
10. J.O. Connor, 'The Meaning of Economic Imperialism' in R.I. Rhodes ed. *Imperialism and Underdevelopment. A Reader.*
11. P.A. Baran. *The Political Economy of Growth, Chs. 3 and 4.*
12. N. Kaldor, 'Capitalist Evaluation in the Light of Keynesian Economics', in Kaldor. *Essays on Economic Stability and Growth.*
13. R.G. Edwards, Michael Reich and Thomas E. Weisskopf, eds *The Capitalist System, A Radical Analysis of American Society* (Second edition, 1978), Ch. 12.1, Ch. 4.3, 10.5.



14. A. Nove and D.M. Nuti, (eds.), *Socialist Economics*, Chs. 1-3.
15. Oskar Lange, (ed.) *Problems of Political Economy of Socialism*, Chs. 1-3. (Also in Lange, *Papers in Economics and Sociology* 1930-1960, pp. 20-45, 85-114).
16. Oskar Lange, 'On the Economic Theory of Socialism', (Section I-V), in O. Lange and F.M. Taylor, *On the Economic Theory of Socialism*.
17. W. Brus, *The Economics and Politics of Socialism*, Chs. 1-4.
18. A. Nove, *The Soviet Economic System*. Chs. 2, 4-6.
19. Peter Nolan, 'Collectivization in China: Some Comparisons with the USSR', *Journal of Peasant Studies*, January 1976 (Vol. 3, No. 2).
20. J.G. Gurley, *China's Economy and the Maoist Strategy*.
21. A. Eckstein: *China's Economic Revolution, 1977* Chs. 7 and 8.
22. M. Lavigne, *The Economics of USSR and Eastern Europe* 1974, Chs. 1-4.
23. S. Hymer, 'The Multinational Corporation and the Law of Uneven Development' in H. Radice, (ed.) *International Finance and Modern Imperialism* (Also in J. Bhagwati; (ed.) *Economics and World Order from the 1970s to the 1990s*).

## PAPER XII : Development Problems and Policy

### 1. Economic Development : General Perspective

Common characteristics of underdevelopment. Concept and nature of economic development. Economic growth in historical perspective: lessons for less developed countries. Recent questioning of the growth orientation and issues related to income distribution and poverty. Objectives and dilemmas of economic policy.

### 2. Capital Accumulation, Employment and International Trade in Economic Development.

Capital accumulation—rate and pattern of investment; level and structure of aggregate demand; mobilisation of internal and external resources for financing investment; the management factor and issues of X-efficiency.

Employment problems of less developed countries—characteristics of employment and unemployment; issues in employment policy; inter-relationship between output and employment objectives; choice of capital intensity; skill formation; technology choice as a package; employment and other implications of technology choice.

Problems of an open economy the role of international trade in the growth process; problems and policies related to international trade in less developed countries.

### 3. General Policy Issues:

Limitations of the price mechanism and case for economic planning; role of the state and private sector in a mixed economy; the public sector as an instrument for policy intervention in developing countries; issues in public sector pricing.

Choice of projects from a social point of view and social cost benefit analysis.

### RECOMMENDED READINGS:

1. Gerald M. Meier. *Leading Issues in Economic Development* Third Edition, 1976.  
IA, IB, 1,2,3, IC 2; IIA, 1,2 IIIB, IIID; IVA, IVB, 2, IVD, 1,2; VA, 1,4, AB; VIA, 3,5, VIC, 1,3, VI D, 1, 2; VII A, VII B, 2,3, VII C 2,3, (Except pp 463-5); VIII C, 1,2.
2. Michael P. Todaro, *Economic Development in the Third World*, 1979, Chapters 4, 5, 8, 13 and 14.
3. A.P. Thirlwall, *Growth and Development with special reference to developing economies*, Second edition, 1978, Chapters 4,7.
4. H. Myint, *The Economics of developing Countries : 4th edition*, 1974, Chapters 1,5,6,7,8,10.
5. H.W. Singer, "Poverty, Income Distribution and Levels of living; Thirty years of changing thought on Development problems" in C. H. H. Rao and P.C. Joshi (eds.), *Reflections on Economic Development and Social Change*, Essays in honour of V.K.R.V. Rao, 1979, Chapters 3, pp. 29-40.
6. S. Kuznets, *Economic Growth and Structure*, 1965, Chapters 5, 6, pp. 176-212.
7. Keith B. Griffin and John Enos *Planning Development*, 1970, Chapter 3.

8. H. Myint, *Economic Theory and the Underdeveloped Countries*, 1971, Chapter 13.
9. Frances Stewart, *Technology and Underdevelopment*, 1976, Chapters 1.2.
10. Frances Stewart and Paul Streeten, "Conflicts Between Output and Employment Objectives" in Richard Jolly et al. (eds.) *Third World Employment*, Penguin, 1973, Reading No. Excerpts reprinted in Reading No. 1 above.
11. T. Scitovsky 'Two Concepts of External Economies' in A.K. Aggarwala and S.P. Singh (eds), *The economics of Underdevelopment*, 295-308.
12. H. Leibenstein "Allocative Efficiency Vs. X-Efficiency" *American Economic Review*, June, 1966, pp. 392-415.
13. B.S. Minhas, "The Current Development Debate" in *Towards a New Strategy for Development*, A Rothko Chapel Colloquium, (1979), Ch. 3.
14. Henry Bernstein (ed.), *Underdevelopment and Development* (Penguin, 1973), pp. 33-38 (article by C Furtado).
15. K.N. Raj, "Trends in Rural Unemployment in India : An Analysis with Reference to Conceptual and Measurement Problems," *Economics and Political Weekly*, No. 31-32 (Special Number), 1976, Sections I and II, pp. 1281-1286.
16. A.K. Sen, *Choice of Techniques*, 3rd ed. (1972), Chapters 1, 2.
17. H.T. Koplín, *Micro-economic Analysis: Welfare and Efficiency in Private and Public Sectors*, 1971. Chapters 17, 19.
18. Richard Leyard; *Cost Benefit Analysis*, Penguin 1972. Introduction, pp. 9-59.

**APPENDIX XII : The Indian Economy Since Independence** 100 marks

1. Major features of the Indian economy at Independence, objectives of planned development and role of the state.
2. (i) Institutional framework : Patterns of asset-ownership in agriculture and industry; Policies for restructuring agrarian relations and for regulating concentration of economic powers.  
(ii) Demographic constraints : Interaction between population change and economic development.

- (iii) resources : problems and instruments of mobilisation of internal resources for the public sector ; external resources.
- (i) *Agriculture* : Share of agriculture in national income and work force. Factors influencing productivity in agriculture: role of technology, institutional factors. Pattern of ownership and land reform (such as the size distribution of land and access to irrigation, credit and modern inputs) and price policy. Growth of agricultural output : a broad review.
- (ii) *Industry and Foreign Trade* : Constraints on growth arising from the structure of production and foreign trade and the strategy of import substitution-based industrialisation. Public sector in India and its role in the growth process. Policies for regulating the pattern of investment in the private sector, Licensing and other direct controls, policies towards the small scale sector. Foreign Capital. The rate and pattern of industrial growth : trends since 1950. The export sector: performance and policies, implications for growth; the balance of payments.
- (iii) A review of resource allocation across broad sectors : agriculture, industry and infrastructure.
- (i) *Growth and Structural Change since 1950* : Rates of saving and investment, growth of national income and per capita income, changes in the industrial distribution of national income and work force—all India and regional contrasts.
- (ii) Assessment of the growth experience : Unemployment poverty, inequality and inflation.

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