

MES-OP-401: International Finance

Unit 1: International Financial System & Institutions

International Financial System – An Historical Overview
Macroeconomic Policy Goals – Internal Balance & External Balance
International Gold Standard and External Balance
Bretton Woods System and International Monetary Fund
Collapse of Bretton Woods System & The Case for Floating Exchange Rates
Optimum Currency Area: Theory & Case Studies
Reserve Bank of India and Exchange Rate Management

Unit 2: World Trade, Payments and Exchange Rate Determination

National Income Accounting & Balance of Payments
Exchange Rates and Foreign Exchange Market – An Asset Approach
Money, Interest Rate and Exchange Rates Dynamics
Price, Output and Exchange Rate – Theories and Empirical Analysis
Foreign Exchange Intervention and Stabilization Policies
Foreign Exchange Market Pressure – Modelling & Estimation

Unit 3: Financial Globalisation – Opportunities and Crises

International Banking and Offshore Currency Trading
International Banking and Financial Fragility
Challenges of Regulating International Banking
Global Financial Crises - Dynamics, Lessons and Prevention
Global Financial Crises – The Case Studies

Basic Readings

Text Books

Krugman, Paul; Maurice Obstfeld; and Marc Melitz (2018). *International Economics: Theory and Policy* (Tenth Edition). Pearson India Education Services Pvt. Ltd.

Caves, Richard E.; Jeffrey A. Frankel; and Ronald W. Jones (2016). *World Trade and Payments: An Introduction* (Ninth Edition). Pearson India Education Services Pvt. Ltd.

Frederic S. Mishkin; Sanley G. Eakins; Tulsi Jayakumar; and R.K. Pattnaik (2018). *Financial Markets and Institutions* (Eighth Edition). Pearson India Education Services Pvt. Ltd.

Research Papers

Cassel, G. (1918), "Abnormal Deviations in International Exchanges", *The Economic Journal*, Vol.28, pp. 413-15.

Dornbusch, R.(1976), "Expectations and Exchange Rate Dynamics", *Journal of Political Economy*, 84(6), pp.1116-76.

_____ (1987), "Exchange Rate Economics: 1986", *The Economic Journal*, Vol. 97, No. 385, pp. 1-18.

Johnson, H.G. (1977), "The Monetary Approach to Balance of Payments Theory and Policy: Explanation and Policy Implications", *Economica*, Vol. 44, pp. 173-76.

Friedman, M. (1953) "The Case for Flexible Exchange Rates." In *Essays in Positive Economics*, 157-203. Chicago: University of Chicago Press.

Girton, L. and D. Roper (1977), "A Monetary Model of Exchange Market Pressure Applied to the Postwar Canadian Experience", *American Economic Review*, Vol. 67, No. 4, September, pp. 537-48.

Baig, M.A., V. Narasimhan, and M. Ramachandran (2003). "Exchange Market Pressure and the Reserve Bank of India's Intervention Activity", *Journal of Policy Modeling*, Elsevier Publication, Vol. 25, No. 8, pp. 727-48.

Turnovsky, S.J. (1985), "Optimal Exchange Market Intervention: Two Alternative Classes of Rules" in: J.S. Bhandari, (ed.), *Exchange Rate Management under Uncertainty*, MIT Press, Cambridge, MA. pp. 286-331.

Obstfeld, M. (1990), "The Effectiveness of Foreign Exchange Intervention: Recent Experience: 1985-88", in Branson, W.H., J.A. Frenkel, and M. Goldstein (eds), *International Policy Coordination and Exchange Rate Fluctuations*, University of Chicago Press, Chicago.

Eichengreen, B., A.K. Rose, and C. Wyplosz (1995), "Exchange Market Mayhem", *Economic Policy*, Vol. 21, pp.249-312.

Obstfeld, M. (1990), "The Effectiveness of Foreign Exchange Intervention: Recent Experience: 1985-88", in Branson, W.H., J.A. Frenkel, and M. Goldstein (eds), *International Policy Coordination and Exchange Rate Fluctuations*, University of Chicago Press, Chicago.

Rogoff, K. (1996), "The Purchasing Power Parity Puzzle", *Journal of Econometric Literature*, Vol. 34, No. 2, pp. 647-68.

Mundell, R. (1961), "A Theory of Optimum Currency Areas", *American Economic Review*, V-51, September, pp. 657-64.

Additional Readings

Text/Reference Books

Kenneth J. Arrow and Michael D. Intrilligator (1985). *Handbook of International Economics – International Monetary Economics and Finance (Volume-II)*. Elsevier Science Publishers B.V.

Freixas, Xavier and Jean-Charles Rochet (2008). *Microeconomics of Banking (Second Edition)*. The MIT Press, Cambridge.

Kruger, A.O (1983), *Exchange Rate Determination*, Cambridge University Press, Cambridge.

Brain Tew (1985). *The Evolution of International Monetary System*. Hutchinson.

Bernanke, Ben S., T. Laubach, F. S. Mishkin, and A.S. Posen (2001), *Inflation Targeting: Lessons from the International Experience*, Princeton University Press.

Research Papers

Obstfeld, Maurice (2014), "The International Monetary System: Living with Asymmetry", in Feenstra and Taylor (eds.) *Globalization in an Age of Crisis: Multilateral Economic Cooperation in the Twenty-First Century*, Chicago: Chicago University Press.

Eichengreen, B., and C. Wyplosz (1993), "The Unstable EMS", *Brookings Papers on Economic Activity*, part 1, pp.51-143.

McKinnon (1963), "Optimum Currency Areas", *American Economic Review*, V-53, September, pp. 717-24.

Rose, A. and C. Engel (2002), "Currency Unions and International Integration", *Journal of Money, Credit and Banking*, V-34, 1067-89.

Baig, M.A. (2011). "A Study of Economic Feasibility of Optimum Currency Area in South Asia", in Ahmed and Ashraf (eds), *Regional and Multilateral Trade in Developing Countries*, Routledge Publication.

Levich, R.M (1985), "Empirical Studies on Exchange Rate: Price Behaviour, Rate Determination and Market Efficiency", in: R.W. Jones and P.B. Kenen (eds.), *Handbook of International Economics*, Elsevier Science Publishers B.V., Vol.2, pp. 979-1040.

Baig, M.A., V. Narasimhan, and M. Ramachandran (2002). "On Sterilising Capital Inflows - The Indian Experience", *Journal of Indian School of Political Economy*, Vol. 14, No. 2, pp. 221-34.

Edison, H. (1987), "Purchasing Power Parity in the Long run: A Test of the Dollar Pound Exchange Rate, 1890-1978", *Journal of Money, Credit and Banking*, Vol. 19, pp. 376-87.

Edison, H.J. (1993), "The Effectiveness of Central Bank Intervention: A Survey of the Literature after 1982", *Special Papers in International Economics, International Finance Section*, No. 18, pp. 1-68.

Roper, D. and S.J. Turnovsky (1980), "Optimal Exchange Market Intervention in a Simple Stochastic Macro Model", *Canadian Journal of Economics*, Vol. 13, pp. 296-309.

Ramachandran, M. and M.A. Baig (2004). "Exchange Market Pressure and Monetary Policy" (with M.), in Romer Correa and L.G. Burange (eds.), *Reforms, Institutions and Policies: Challenges Confronting the Indian Economy*, pp 299-312, Himalaya Publishing House, Mumbai, 2004.

Dominguez, K. M.E., Fatum, R., and Vacek, P(2010). Does Foreign Exchange Reserve Decumulation Lead to Currency Appreciation?. EPRU Working Paper Series 2010-06. Economic Policy Research Unit, Department of Economics University of Copenhagen, Copenhagen.

Nayak, S. and M.A. Baig (2019- forthcoming). "International Reserves and Domestic Money Market Disequilibrium: Empirics for India and China", *International Journal of Emerging Markets*, Emerald Publishing Limited, UK.

Forbes, Kristin J. (2013), "The "Big C": Identifying and Mitigating Contagion", in Economic Policy Symposium Proceedings, Federal Reserve Bank of Kansas City.

Lo, Andrew W. (October 26, 2011), "Reading About the Financial Crisis: A 21-Book Review". Available at SSRN: <https://ssrn.com/abstract=1949908> or <http://dx.doi.org/10.2139/ssrn.1949908>.

MES – CB- 101: PAPER - RURAL ECONOMICS

UNIT –1 INTRODUCTORY ASPECTS OF RURAL DEVELOPMENT

- **Rural Development:** Concept, Nature, Scope, Importance and Objectives of Rural Development;
- **Typology and Strategies** of Rural Development;
- **Approaches** to Rural Development strategies;
- Contemporary Populism, Unimodal and Bimodal **Strategies of Agrarian Change**;
- **Lipton’s argument** of Why Poor People Stay Poor;
- **Agrarian Transition and Agrarian Question**-Appraisal of Terry Byres;

UNIT –II DIMENSIONS OF RURAL DEVELOPMENT IN INDIA

- **Rural markets** in Agriculture
- **Land Markets**- Ownership and Tenancy, land rental contracts, land reforms in India, Green Revolution;
- **Labour Markets**- Poverty, nutrition and labour markets, measures to improve the status of agricultural labour, minimum wage legislation;
- **Credit Markets**- rural credit markets, theories of informal credit markets rural indebtedness, role of institutional and non-institutional credit, alternative rural credit markets;
- **Rural Industrialisation**, Rural Entrepreneurship, Rural-Urban Entrepreneurship, Role of SSI/MSME sector in India, policy towards rural industrialization and SMEs;

Unit – III RURAL DEVELOPMENT IN INDIA- A POLICY PERSPECTIVE

- **Rural Poverty in India:** Incidence of Rural Poverty, Salient Features of Rural Poverty, Strategic Measures;
- **Rural Unemployment in India:** Characteristics of Rural Employment in India, Incidence of Rural Unemployment, Policy Perspective;
- **Rural Migration:** Nature of Rural Migration; Adverse Effects;
- **Evaluation of policies and programmes** for rural development, Rural Development Administration and Panchayat Raj Institutions;

References:

- Acharya B.T. (1990), *Rural Industrialization - A Catalyst in Action*, Himalaya Publishing House, Bombay.
- Bhattacharya S.N., (1980), *Rural Industrialization in India*, BR Publishing Corporation.
- Chambers Robert (1985), *Rural Development putting the last first*, Longman, London
- David A M Lea and DP Chaudhri (Ed)(1983) *Rural Development and the State*, Methuen Inc. New York
- Debraj Ray, (2016), *Development Economics*, (Chapters 11,12,13 and 14) Oxford University Press.
- Gaurav Datt and Ashwani Mahajan (2016) *Indian Economy*, S. Chand & Company.
- Government of India (2017-18), “Annual Report”, Ministry of Micro, Small and Medium Enterprises, New Delhi.
- Harris John. (Ed). 1982, *Rural Development theories of Peasant economy and agrarian change*, Hutchison University library, South Africa
- Khusro, AM Agricultural Credit Review Committee Report (1989).
- Nagayya, D. (2000), “Small Scale Industries – Challenges and Strategies in the Liberalization Period”, *State Bank of India Monthly Review*, 30 (7), 346-365.
- Shambhu Ghatak (2010), “Micro, Small and Medium Enterprises (MSMEs) in India : An Appraisal”, zunia.org.
- Ranabi Joy Deb, (1991), *Small scale industries in India*, Mittal Publications.
- Rao R.V, (1978) *Rural Industrialization in India*, Concept Publishing Company.
- Sundaram, Satya (2015), *Rural Development*, Himalaya Publishing House

MES – C – 402: Development Economics

Unit –I: Development, Concept and Theoretical Issues:

- Development Concept, Nature and Scope, indicators of development
- Theories of under development,
- Growth and inequality, Poverty concept and measurement,
- Population and Economic Develop, Low level equilibrium trap, Microeconomic theory of fertility, Lewis Model.

Unit – II: Agriculture-Industry Interlinkages:

- Interdependence of agriculture and industry,
- Credit market, Lenders risk hypothesis, Inefficiency under tenancy,
- Cost and return on education investment,
- Unbalanced Growth Model, Rostow's Stages Theory and Big Push Approach.

Unit – III: State Planning and Development:

- State Vs Market, Listian trap, institutions and Development,
- Planning its kinds and relevance,
- Investment criteria, Choice of technology.
- Technological Progress, Project appraisal (Cost Benefit Analysis).
- Development policy model, False Paradigm Model, New Classical counter Revolution Market Fundamentalism.

References-

1. Todaro, Michael P, Economic Development , Longman Group United Kingdom, 1994
2. Mier, G.M., Leading issues in economic development, Oxford University Press, 1991.
3. EPW Research Foundation, Social Indicators of development-II, Economic Political weekly, May 21, 1994.
4. Malthus, T.R, An Essay on the Principal of Population, Cambridge University Press 1992.
5. Bardhan, Pranab, Scarcity, Conflict and cooperation, Essays in the Political and Institutional Economics of development, Oxford University Press, New Delhi, 2005
6. Bardhan, Pranab and Udry, Chlastopher, development micro-economcs, Oxford University Press. 1999.
7. Basu, Kanshik, Analytical Development economies, Oxford University Press, 1998.
8. Dobb, Maurice, Theories of value and Distribution since Adam Smith, Indian Reprint, Kinz, New Delhi, 1982
9. Rostow, inw, Theories of Economic Growth from David Hume to Present Day, Oxford University Press, Oxford, 1990.
10. Schumpter, Joseph A, Capitalism Socialism and Democracy, Harper, New York, 1952 (Fifth Edition), Allen and unwin, London.