

## **4.1 Course – I, Economics-III –Development Economics**

### **Objectives:**

The aim of economic development is to improve the material standards of living by raising the absolute level of per capita incomes. Raising per capita incomes is also a stated objective of policy of the government. Therefore, an understanding of economic development, especially in its policy dimensions, is important. Hence, this course is designed to enable the students to understand the classical theories of economic development, significance of budget and budget planning, the role of money and banking.

### **Course Outcomes:**

On successful completion of the course students will be able to:

1. Explain both Classical and Modern theories of economic growth and development.
2. Analyse the role of money and issues related to banking.
3. Analyse the forms of Budget to understand the functioning of the government.
4. critically examine the role of WTO and its impact on Indian economy.
5. Understand the business cycle issues through which the students would learn economic fluctuations and how to manage them.

### **Contents:**

#### **Unit I – Theories of Economic Development**

- 1.1 Classical Theories – Adam Smith, Ricardo and Malthus
- 1.2 Karl Marx's Theory of Economic Development
- 1.3 Shumpeterian Theory of Economic Development

#### **Unit II-Money and Banking**

- 2.1 Money- Evolution of money ,Functions of money
- 2.2 Functions of Commercial Bank, Creation of credit
- 2.3 Functions of Central Bank , Control of credit

#### **Unit III – WTO**

- 3.1 WTO and its Effects on Indian Industry and Agriculture
- 3.2 WTO Basic history
- 3.3 WTO Evolution and Functions
- 3.4 WTO implications for India
- 3.5 Role of IMF and World Bank fostering the development of Less Developed Economies

#### **UNIT IV – Budget**

- 4.1 Meaning and objectives of budget
- 4.2 Budget classification

- 4.3 Classification of receipt - revenue and capital
- 4.4 Classification of expenditure revenue and capital
- 4.5 Plan – Non plan, developmental and non- developmental expenditure
- 4.6 Deficit financing
  - a) Meaning and objectives
  - b) Effects of deficit financing

## Unit V –Business cycles

- 5.1 Meaning of Business cycle
- 5.2 Phases of business cycle
- 5.3 Types of business cycle
- 5.4 Theories of business cycle
  - (a) Non - Monetary theories
    - i) Climatic theory
    - ii) Psychological theory
    - iii) The Under consumption theory
  - (b) Monetary theories
    - i) The pure monetary theory of Hawtrey
    - ii) Monetary over -investment theory of F.A.Von Hayek
    - iii) Keynes theory of trade cycle
- 5.5 Control of Business cycles

### Prescribed Books:

Adelman, I.(1961), Theories of Economic Growth and Development , Stanford University Press,Stanford.

Behrman, S. and Srinivasan T.N. (1995), Handbook of Development Economics, Vol. 1 to 3,Elsevire, Amsterdam.

Ghatak, S. (1986) , An Introduction to Development Economics, Allen an Unwin.

London.Hayami, Y. (1997), Development Economics, Oxford University Press, New York.

### Reference Books

Higgins, B (1959), Economic Development , Norton, New York.

Kindleberger , C.P (1977), Economic Development , 3e, McGraw Hill, New York.

Meier, G.M. (1995) , Leading Issues in Economic Development, 6e, Oxford University Press , NewDelhi.

Myint ,Hla (1965) , The Economics of Underdeveloped Countries, Preager, New Delhi.

Myint, Hla (1971) , Economic Theory and Under Developed countries , Oxford University Press, NewYork.

Thrilwal , A.P. (1999), (6<sup>th</sup> Edition ), Growth and Development, Macmillan, London.