



St. Xavier's College – Autonomous Mumbai

Syllabus For 5th Semester Courses in **Economics** (June 2016 onwards)

Contents:

Theory Syllabus for Courses:

- A.Eco.5.01 –Microeconomics: Theory and Practice
- A.Eco.5.02 –Principles of Microeconomics
- A.Eco.5.03 –Growth and Development: Theoretical Analysis
- A.Eco.5.04 –Approaches to Growth and Development
- A.Eco.5.05–Evolution of Economic Thought
- A.Eco.5.06–International Economics: Theory and Policy
- A.Eco.5.07–Statistical Techniques for Economics
- A.Eco.5.08–Econometrics – I (Only for 2016-17 & 2017-18 Batches)
- A.Eco.5.08– Advanced Econometrics – I (w.e.f. June 2017)
- A.Eco.5.09–Corporate Finance - I
- A.Eco.5.10–Indian Financial System and Institutions

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Course: A. ECO.5.01

TITLE: MICROECONOMICS: THEORY AND PRACTICE**Number of Lectures: 60****Learning Objectives:**

1. To help students understand the analytical aspects of Oligopoly markets
2. To introduce students to the concept of General Equilibrium and the Economics of Information

UNIT I:**Price and Output under Oligopoly:****[15 Lectures]**

1. Features of Oligopoly market
2. Cournot's model, Kinked Demand Curve Hypothesis, Collusion: Cartels and Price Leadership.
3. Game Theory: Nash Equilibrium and Prisoner's Dilemma.
4. Review of some oligopolistic markets

UNIT II:**Theory of Factor Pricing:****[15 Lectures]**

1. Factor Pricing in Perfectly and Imperfectly Competitive Markets.
2. Wage Determination under Collective Bargaining, Bilateral Monopoly.
3. Loanable Funds Theory,
4. Risk, Uncertainty and Profits.
5. Review of labour markets in some selected countries

UNIT III:**General Equilibrium and Social Welfare:****[15 Lectures]**

1. Interdependence in the economy;
2. General Equilibrium and its existence.
3. The Pareto Optimality Criterion of Social Welfare, Marginal Conditions for a Pareto Optimal Resource Allocation, Perfect Competition and Pareto Optimality.
4. Review of case studies in selected industries

UNIT IV:**Economics of Information:****[15 Lectures]**

1. Economics of Search: Search costs.
2. Information failure and missing markets.
3. The Efficiency Wage Theory.
4. Review of asymmetric information in the market for Lemons and Insurance and . Adverse selection: Market Signalling. The Problem of Moral Hazard.
5. The Principal-Agent Problem in Private and Public Enterprises.

First C.I.A. : Short Answers and numerical application of UNITs 1/2**Second C.I.A.:** Group reports on a study of market for lemons, the insurance market, bargaining and Auctions in Mumbai city**Basic Reference Books:**

1. Pindyck, R, Rubinfeld and Mehta (2011), *Microeconomics*, Pearson Prentice Hall, 7th Edition
2. Salvatore, D., (2006) *Microeconomics: Theory and Applications*, Oxford University Press, New Delhi.

Additional References

1. Koutsoyannis, A. (1989) *Modern Microeconomics*, Macmillan, London
2. Mankiw, N. Gregory (2003), *Principles of Economics*. (6th Edition), Worth Publishers, New York.
4. Varian R. Hal, (2010) *Intermediate Microeconomics*, W. W. Norton and Co.

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Course: A. ECO.5.02

TITLE: PRINCIPLES OF MICROECONOMICS**Learning Objectives:**

1. To help students understand the analytical aspects of Oligopoly markets
2. To introduce students to the concept of General Equilibrium
3. To acquaint students to Economics of Information.

Number of Lectures: 60**UNIT I:****Price and Output Under Oligopoly:****[15 Lectures]**

1. Features of Oligopoly market,
2. Models of Oligopoly Markets.
3. Introduction to Game Theory

UNIT II:**Theory of Factor Pricing:****[15 Lectures]**

1. Factor Pricing in Perfectly and Imperfectly Competitive Markets.
2. Economic Rent.
3. Wage Determination under Collective Bargaining, Bilateral Monopoly.
4. Loanable Funds Theory,
5. Risk, Uncertainty and Profits.

UNIT III:**General Equilibrium and Social Welfare:****[15 Lectures]**

1. Interdependence in the economy;
2. General Equilibrium and its existence.
3. The Pareto Optimality Criterion of Social Welfare, Marginal Conditions for a Pareto Optimal Resource Allocation, Perfect Competition and Pareto Optimality.

UNIT IV:**Introduction to Information Economics:****[15 Lectures]**

1. Economics of Search: Search costs.
2. Information failure and missing markets.
3. The Efficiency Wage Theory.

First C.I.A. : Short Answers and numerical application of UNITs 1/2**Second C.I.A.:** Group reports:study Mumbai market for lemons, insurance, bargaining and auctions**List Of Recommended Reference Books****Basic Reference Books:**

Varian R. Hal, (2010) *Intermediate Microeconomics*, W. W. Norton and Co.
 Salvatore, D., (2006) *Microeconomics: Theory and Applications*, Oxford University Press, New Delhi.

Additional References

1. Koutsoyannis, R. *Modern Microeconomics*, Macmillan, London
2. Mankiw, N. Gregory (2003), *Principles of Economics*. (6th Edition), Worth Publishers, New York.
3. Ahuja H. L., (2009), *Advanced Economic Theory: Microeconomic Analysis*, (17th Edition.) S

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Course: A. ECO.5.03

TITLE: GROWTH AND DEVELOPMENT: THEORETICAL ANALYSIS

Learning Objectives:

1. To introduce the students to the concepts and debates regarding growth and development.
2. To acquaint the students to the Classic theories of growth and development

Number of Lectures: 60

UNIT I:

Meaning of Development and Relevant Concepts

[15 lectures]

1. Distinction between growth and development
2. Human Development Index and Gender Development Index
3. Sen's capabilities approach, environmental sustainability and development
4. Market and State as agencies of development

UNIT II:

Classical Theories of Development

[15 lectures]

1. Rostow's stages of growth
2. Schumpeter's Theory of Development
3. Harrod-Domar growth model
4. Structural change and Lewis's model of unlimited supplies of labour
5. Solow's growth theory

UNIT III:

Contemporary Models of Development and Underdevelopment

[15 lectures]

1. Theories of endogenous growth with special reference to Romer's model
2. Multiple Equilibria
3. Big Push Theory
4. Liebenstein's Theory of Critical Minimum Efforts

UNIT IV:

Poverty, Inequality and Development

[15 lectures]

1. Measurement of poverty – absolute and relative, Head-Count Index and Poverty Gap Indices
2. Millennium Development Goals
3. Measurement of income inequality
4. Economic growth and income inequality – Kuznet's inverted U hypothesis
5. Impact of inequality on development

First CIA: short answers and concepts

Second CIA: group presentations on models

List Of Recommended Reference Books

Basic Reference Book:

Todaro, Michael P. and S. C. Smith. *Economic Development*, 8e. Delhi: Pearson Education, 2011.

Additional References:

1. Misra, S.K. and Puri. *Growth and Development*. Mumbai: Himalaya Publishers, 2005.
2. Thirlwall, A.P. *Growth and Development* 8e. New York: Palgrave MacMillan, 2005.
3. Meier, Gerald M. and James E. Rauch. *Leading Issues in Economic Development*, 8e. New Delhi: Oxford Univ. Press.

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Course: A. ECO.5.04

TITLE: APPROACHES TO GROWTH AND DEVELOPMENT**Learning Objectives:**

1. To introduce the students to the concepts and debates regarding growth and development.
2. To acquaint the students to the Classic theories of growth and development

Number of Lectures: 60**UNIT I:****Meaning of Development and Relevant Concepts [15 lectures]**

1. Distinction between growth and development
2. Human Development Index and Gender Development Index
3. Sen's capabilities approach, environmental sustainability and development
4. Market and State as agencies of development

UNIT II:**Classical Theories of Development [15 lectures]**

1. Rostow's stages of growth
2. Schumpeter's Theory of Development
3. Harrod-Domar growth model
4. Structural change and Lewis' model of unlimited supplies of labour

UNIT III:**Contemporary Models of Development and Underdevelopment [15 lectures]**

1. Underdevelopment as co-ordination failure
2. Multiple Equilibria
3. Big Push Theory
4. Liebenstein's Theory of Critical Minimum Efforts

UNIT IV:**Poverty, Inequality and Development [15 lectures]**

1. Measurement of poverty – absolute & relative, Head-Count Index and Poverty Gap Indices
2. Millennium Development Goals
3. Measurement of income inequality
4. Economic growth and income inequality – Kuznet's inverted U hypothesis
5. Impact of inequality on development

First CIA: short answers and concepts**Second CIA:** group presentations on models**List Of Recommended Reference Books****Basic Reference Book:**

Todaro, Michael P. and S. C. Smith. *Economic Development*, 8e. Delhi: Pearson Education, 2011.

Additional References:

1. Misra, S.K. and Puri. *Growth and Development*. Mumbai: Himalaya Publishers, 2005.
2. Thirlwall, A.P. *Growth and Development* 8e. New York: Palgrave MacMillan, 2005.
3. Meier, Gerald M. and James E. Rauch. *Leading Issues in Economic Development*, 8e. New Delhi: Oxford Univ. Press.
4. Various Human Development Reports

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Course: A. ECO.5.05

TITLE: EVOLUTION OF ECONOMIC THOUGHT**Learning Objectives:**

1. To acquaint the student with connect between changes in economic thought and changes in the economy and economic policy (Western & Indian).
2. To engage the students with the evolution of economic philosophies, ideas and theories – covering orthodox and heterodox economic thinkers through the ages.

Number of Lectures: 45**UNIT I:****An Introduction to Economic Thought****[9 Lectures]**

1. Significance of the study the history of economic thought (Western & Indian)
2. Pre-Classical Mercantilism and Physiocracy.

UNIT II:**Classical and Neo-Classical Economic Thought****[18 Lectures]**

1. Late 1700s to 1850: Adam Smith, David Ricardo, Malthus
2. 1850 to World War II: J.S. Mills, Jevons, Walras, Marx and Marshall, Dadabhai Nauroji, M G Ranade and Gopal Krishna Gokhale
3. 1936 to 1980: Keynes, Schumpeter, Joan Robinson, Leontieff , M N Roy, Mahatma Gandhi, Jawaharlal Nehru and B R Ambedkar

UNIT III:**Post-Keynesian Economic Thought****[18 Lectures]**

1. Hayek, Friedman, Samuelson
2. Gunnar Myrdal, Amartya Sen, Joseph Stiglitz, Jagdish Bhagvati and Jean Dreze

First CIA: MCQs Test**Second CIA:** Project work through Case Studies.**List Of Recommended Reference Books****Basic Reference Book**

Roll, Eric, A History of Economic Thought, Faber, London, (1973)

Additional References

1. Blaug, M, Economic Theory in retrospect, Cambridge University Press, Cambridge, (1997)
2. Dasgupta A.K., Epochs of Economic Theory , Oxford Univ Press New Delhi, (1985)
3. Ekelund and Hebert, A History of Economic Theory and Method, McGraw Hill Publication Co. New York, (1990)
4. Foley, Duncan, „Understanding Capital: Marx’s Economic Theory“, chapters 6 and 8, Cambridge, Mass.: Harvard University Press, 1986.
5. Ghosh and Ghosh; Concise History of Economic Thought, Himalaya
6. Haney, Lewis H., History of Economic Thought, Surjeet Publication, New Delhi, (1977)
7. Heilbroner, Robert, The Worldly Philosophers (7th edition), New York: Simon & Schuster, (1999)
8. Hunt E.K., History of Economic Thought, Wodsworth, (1990)
9. John Kenneth Galbraith, A History of Economics: The Past as the Present, London: Hamish Hamilton, (1987).

10. Max Weber, "Objectivity and Understanding in Economics" in *The Philosophy of Economics: An Anthology*, second edition, ed. Daniel M. Hausman, Cambridge: Cambridge University Press, (1994).
11. Morgan M. S, *A History of Economic Ideas*, Cambridge Univ Press. U.K, (1990)
12. Oser Jacob and S. Brue, *The Evolution of Economic Thought*, Harcourt, New York, (1988)
13. Overton H. Taylor, *A History of Economic Thought*, New York: McGraw-Hill Book Company, (1960), 322-336
14. Schumpeter, „History of Economic Analysis“, 209-215, 223-243, 335-372.
15. Seligman B.S, *Main Currents in Modern Economics*, Quadrangle, Chicago, (1962)
16. Serepanti E and Zamagui Stefano, *An Outline of Economic Thought*, OUP
17. Spiegel H.W., *The Growth of Economic Thought*, N.C .Duke Univ, Durham, (1971)
18. Vohra P. and R. Mehta: *Encyclopaedia of World Great Economists*, Commonwealth

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Course: A. ECO.5.06

TITLE: INTERNATIONAL ECONOMICS: THEORY AND POLICY**Learning Objective:**

To acquaint students with the various aspects international trade policies

Number of Lectures: 45**UNIT I:****International Trade Theories and Factor Movements****[15 lectures]**

1. Importance of International economics
2. Benefits of foreign trade and foreign investment
3. Comparative Cost Advantage Theory including Taussig's restatement
4. Misconceptions about comparative advantage: Pauper labor argument
5. Factor endowments theory of international trade: H.O. theorem, Empirical evidence on H.O. model, Leontieff's Paradox.
6. Factors determining labor and capital mobility, International trends in labor mobility & migration, Wage convergence.

UNIT II:**Trade Policies****[20 lectures]**

1. Free trade and Efficiency
2. Case for protectionism
3. Strategies of trade and growth: import – substituting industrialization and export – oriented industrialization
4. Tariff: Theory of optimum tariff
5. Theory of customs union: Trade creation and trade diversion
6. Non-Tariff barriers: Export subsidies, import quotas, voluntary export restraint, preferential trading agreement, commodity agreements
7. Foreign Investment Policy.

UNIT III:**Post-WTO Trade Policies****[10 lectures]**

1. Trade liberalization under WTO
2. Controversies in trade policies – with reference to labor standards, environment, issues under TRIPS and GATS, Dispute settlement body of WTO.

First CIA :Short Answers and Concepts**Second CIA :Group Assignments****List Of Recommended Reference Books****Basic Reference Book :**

Salvatore Dominick, (2001) International Economics (7th Edition), John Wiley & Sons

Other Reference Books:

1. Cherunilam Francis International Economics (4th Edition) 2006 Tata McGraw-Hill Companies
2. Krugman International - Pearson Paul R. & Obstfeld Maurice Economics - Theory & Policy (6th Edition) Education
3. Sodersten BO & Reed Geoffrey International Economics 2003 McMillan Press Ltd.
4. Bhagwati Jagdish In Defence of Globalisation 2004 Oxford University Press
5. Sarma P.V. & Mohana Rao L.K. New Trade Policy and W.T.O 2005 Kanishk Publishers New Delhi
6. Chaudhary N.V. Asian Economic Crisis: Perspectives & Implications 2005 The ICFAI University Press

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Course : A.ECO.5.07

TITLE: ELEMENTARY STATISTICS FOR ECONOMICS**Learning Objectives:**

1. To impart a basic understanding of Statistics.
2. To help student enhance their ability to apply the theoretical techniques to the problems of the real world.

Number of Lectures: 60**UNIT I:****Idea of a Random Variable****[14 Lectures]**

1. Concept of a random variable: Discrete and continuous
2. Expected values and variance of a random variable
3. Addition and multiplication theorem of probability
4. Discrete random variables: Bernoulli , Binomial, Poisson
5. Continuous random variables: Normal Distribution

UNIT II:**Jointly Distributed Random Variables****[14 Lectures]**

1. Joint and marginal distributions for bivariate random variables
2. Conditional probability; Conditional mean and variance
3. Covariance and Correlation
4. Central Limit Theorem (without proof)

UNIT III:**Statistical Inference****[18 Lectures]**

1. Point and interval estimation
2. The Z distribution
3. The Null and Alternate hypotheses and significance testing for mean using Z distribution when population variance is known
4. The Chi-square distribution and testing for sample variance with known population variance
5. The F distribution and comparing sample variances
6. The t distribution and hypothesis tests when population variance is unknown

UNIT IV:**Linear Algebra****[14 Lectures]**

1. Matrices and basic operations on matrices
2. Rank of a Matrix and Inverse of a Matrix
3. Cramer's Rule
4. Characteristic Roots and Vectors (Eigen values and Eigen Vectors)

List Of Recommended Reference Books**Basic Reference Books:**

1. Gupta S.P. Statistical Methods
2. Dowling, Edward T : *Introduction to Mathematical Economics*, Schaum's Outline Series, Tata McGraw- Hill, New Delhi, 2004

Additional Reference Books:

1. Lipschutz (Schaum Series) Theory and Problems of Statistics

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Course : A.ECO.5.08

TITLE: ECONOMETRICS - I (Only for 2016-17 Batch)

Learning Objectives:

1. To impart a basic understanding of Econometrics
2. To help student enhance their ability to apply the theoretical techniques to real time problems.

Number of Lectures: 60

UNIT I:

Introduction to Regression

[20 Lectures]

1. Two variable regression model
2. The concept of the PRF and SRF
3. Classical assumptions of regression
4. Derivation of the OLS estimators and their variance
5. Properties of OLS estimators under classical assumptions, Gauss-Markov Theorem
6. Tests of Hypothesis, confidence intervals for OLS estimators (t and F tests)
7. Measures of goodness of fit: R square and its limitations, adjusted R square and its limitations

UNIT II:

Extension to Multiple Regression Model

[16 Lectures]

1. Interpretation of a multiple regression model
2. Testing of significance of intercept and partial slope co-efficients
3. Dummy variables and their applications
4. Distributed lag models

UNIT III:

Failure of Classical Assumptions - I

[12 Lectures]

1. Multicollinearity
2. Heteroscedasticity
3. Detection, impact , consequences and remedial measures
4. Tests of Heteroscedasticity – Goldfeld-Quandt Test and Breusch- Godfrey-Pagan Test

UNIT IV:

Failure of Classical Assumptions - II

[12 Lectures]

1. Autocorrelation
2. Detection, impact , consequences and remedial measures
3. Tests of Autocorrelation – Durbin – Watson test and Cochrane Orcutt test

First CIA: Test

Second CIA: Project

List Of Recommended Reference Books

Basic Reference Book:

Wooldridge, Jeffrey, Econometrics, 2009

Additional Reference Books:

1. Gujarati Damodar : Basic Econometrics
2. HatekarNeeraj (2009), Econometrics: The First Principles A Friendly Introduction.
3. Lipschutz (Schaum Series) Theory and Problems of Statistics

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Course : A.ECO.5.09

TITLE: CORPORATE FINANCE - I**Learning Objectives:**

1. To impart a basic understanding of Basics of Corporate Finance
2. To help student enhance their ability to apply the theoretical aspects to the problems of the real world.

Number of Lectures: 45**UNIT I:****Introduction to Corporate Finance****[15 Lectures]**

1. Corporate Finance: Meaning
2. Corporate Finance: Principles
3. Balance Sheet, Profit & Loss A/c, Cash flow Financial Statements and Ratio Analysis
4. Merger and Acquisition

UNIT II:**Sources of Corporate Finance****[15 Lectures]**

1. Raising funds by private and publicly-traded firms
2. Short and long term: equity and debentures
3. Internal and External sources: Retained Earnings, Equity v/s Debt Financing.
4. Banks and Institutional Debt: Hybrid and Lease Financing

UNIT III:**Dividend Policy****[15 Lectures]**

1. Dividends: Meaning, Types, process, determinants and policies
2. Relevance / Irrelevance of dividends
3. Low and high pay-out ratios
4. Alternatives to cash dividends: scrip dividends, Stock Repurchases and Stock Splits

First CIA :Short Answers and Concepts**Second CIA :Group Presentation****List Of Recommended Reference Books****Basic Reference Books:**

1. Hay D. A. and Moriss D., (1979), Industrial Economics, Oxford University Press
2. I M Pandey, Financial Management, Ninth Edition

Additional References Books:

1. Bodie, Z. et al., (2009), Financial Economics, Pearson Education, New Delhi.
2. Damodaran, Aswath, (2007): Corporate Finance Theory & Practice, Wiley Series, New York
3. Rustogi, R. P., (2005): Financial Management, Galgotia Publishing Co.: New Delhi.
4. Chandra, Prasanna, (1993): Fundamentals of Financial Management, Tata McGraw–Hill Publishing Co. Ltd.: New Delhi.
5. Chandra, Prasanna, Finance Sense, Tata McGraw-Hill Publishing Co, Ltd.: New Delhi
6. Brealy, Meyer, Principles of Corporate Finance 8th edition, Tata-McGraw-Hill, New Delhi.
7. Kuchhal S. C., (2005), Financial Management, Chaitanya Publishing House: Allahabad.
8. Mathur, B. L., (2001): Elements of Finance, R.B.S.A. Publishers: Jaipur

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Course : A.ECO.5.10

TITLE: INDIAN FINANCIAL SYSTEM AND INSTITUTIONS**Learning Objective:**

To introduce students to the Indian financial system and financial institutions and services in India

Number of Lectures: 45**UNIT I:****Overview of the Indian Financial System****[15 lectures]**

1. Definition and meaning of financial system
2. Components of the financial system: institutions, markets and services;
3. Functions and role of the financial system;
4. Financial system and economic development – Indicators of financial development: key financial ratios: FR, FIR, NIR, IR.
5. Financial sector reforms: Narsimham committee report 1991 and 1998.

UNIT II:**Financial Institutions****[15 lectures]**

1. Central banking functions- traditional and promotional
2. Monetary policy of RBI
3. Transmission channels of monetary policy- interest rate channel, exchange rate channel and asset price channel
4. Commercial banking: growth since independence, nationalization and their performance assessment till 1992.
5. Capital adequacy norms- Basel Accord 1 and 2
6. Risk management in Indian banks.
7. Overview of development banking in India- NBFC"s : meaning, types, growth and regulation

UNIT III:**Financial Services and Regulation****[15 lectures]**

1. Importance and working of financial services
2. Insurance
3. Mutual funds
4. Venture financing
5. Credit rating
6. Merchant banking
7. Micro finance and financial inclusion
8. Regulatory bodies: SEBI and IRDA

First CIA: Short answers and Concepts**Second CIA:** Group Presentations**List Of Recommended Reference Books****Basic Reference Book:**

Indian Financial System- BhartiPathak (3rd edition) Pearson Publications

Additional References:

1. Bhole L M: financial institutions and markets Tata McGraw Hill Publications
2. Khan M. Y. Financial Services, Tata McGraw Hill publications
3. Reserve Bank of India (various issues) Report on Currency and Finance, RBI, Mumbai