



St. Xavier's College – Autonomous Mumbai

Syllabus For 6th Semester Courses in **Economics** (June 2016 onwards)

Contents:

Theory Syllabus for Courses:

A.Eco.6.01 –Macroeconomics: Theory and Practice

A.Eco.6.02 –Principles of Macroeconomics

A.Eco.6.03 –Economic Development: Policy and Applications

- I A.Eco.6.04 –Economic Development: Policy and

Applications - II A.Eco.6.05–Introduction to Political Economy

A.Eco.6.06–International Finance: Theory and Policy

A.Eco.6.07–Mathematical Techniques for Economics

A.Eco.6.08–Econometrics – II (for 2016-17 & 2017-18

Batches)

A.Eco.6.08–Advanced Econometrics – II (w.e.f. 2018 onwards)

A.Eco.6.09–Corporate Financial Analysis

A.Eco.6.10–Indian Financial Markets

TYBA

Course: A. ECO.6.01

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

1. To introduce students to the IS-LM Analysis as a framework for Macroeconomic Policy evaluation
2. To introduce the student to the fundamentals of International Economics and Public Finance.

UNIT I:**IS-LM Model:****[15 lectures]**

1. Money market equilibrium: The LM curve; Product Market Equilibrium: The IS Curve; The IS and LM Curves Combined.
2. Factors Influencing Equilibrium Income and the Interest Rate: Monetary Influences: Shift in the LM Schedule – Real Influences: Shift in the IS Schedule.
3. Relative Effectiveness of Monetary and Fiscal Policy: Policy Effectiveness and the Slope of the IS Schedule – Policy Effectiveness and the Slope of the LM Schedule.
4. Derivation of the Macroeconomic (Aggregate) Demand Curve from the IS- LM Schedules - Aggregate Supply and the Phillip's Curve. Determination of Price Level and Aggregate Output using AD and AS curves.

UNIT II:**Open-Economy Macroeconomics:****[15 lectures]**

1. Fixed versus flexible exchange rate regime, Determination of Exchange Rate in Free Markets.
2. Mundell-Fleming model - the impossible trinity. The concept of real exchange rate, Purchasing Power Parity theory.
3. Disequilibrium in the balance of payments and Balance of Payments Adjustments: Devaluation, Reduction in Absorption, Direct Controls.
4. Analysis of global economic crises.

UNIT III:**International Trade:****[15 lectures]**

1. Classical Theory of International Trade.
2. Haberler's Theory of Opportunity Cost.
3. Heckscher-Ohlin Theory of Trade.
4. Law of Reciprocal Demand and Offer Curves; Tariffs and Their Effects.

UNIT IV:**Public Economics:****[15 lectures]**

1. Market Failures and Role of the State.
2. Public Goods.
3. Public Expenditure Theory: Free Rider Problem, Efficiency Condition for Public Goods.
4. Principles of Taxation: Horizontal and Vertical Equity, Ability to Pay and Benefit Approach.

First C.I.A. : Short Answers and numerical application of units 1 and 2**Second C.I.A.:** Group presentations on the policies adopted by different nations.**Basic Reference Books:**

1. D'souza, E. (2008), *Macroeconomics*, Pearson Education, New Delhi.
2. Salvatore, D *International Economics*, Prentice-Hall, New Jersey, recent edition

Additional References:

1. Mankiw, N. Gregory. *Macroeconomics*, 6e. New York: Worth Publishers, 2003.
2. Musgrave R.A. and P.B. Musgrave: *Public Finance in Theory and Practice*, 5e. New York: McGraw Hill International Edition, 1989.
3. Stiglitz, J. *Economics of Public Sector*, 3e. New York: W.W. Norton & Co, 2000.

TYBA

Course: A. ECO.6.02

TITLE: PRINCIPLES OF MACROECONOMICS

Learning Objectives:

1. To introduce the students to the IS-LM Analysis as a framework for Macroeconomic Policy evaluation
2. To introduce the student to the fundamentals of International Economics and Public Finance.

Number of Lectures: 60

UNIT I:

IS-LM Model:

[15 lectures]

1. Money market equilibrium: The LM curve; Product Market Equilibrium: The IS Curve; The IS and LM Curves Combined.
2. Factors Influencing Equilibrium Income and the Interest Rate: Monetary Influences: Shift in the LM Schedule – Real Influences: Shift in the IS Schedule.
3. Relative Effectiveness of Monetary and Fiscal Policy: Policy Effectiveness and the Slope of the IS Schedule – Policy Effectiveness and the Slope of the LM Schedule.
4. Derivation of the Macroeconomic (Aggregate) Demand Curve from the IS- LM Schedules - Aggregate Supply and the Phillip's Curve. Determination of Price Level and Aggregate Output using AD and AS curves.

UNIT II:

Theories of Business Cycles:

[15 lectures]

1. Introduction to economic fluctuations.
2. Stabilization Policy
3. Mundell-Fleming Model
4. Trade-off between inflation and unemployment.

UNIT III:

Post-Keynesian Consumption Theories:

[15 lectures]

1. Irving Fisher and Inter-temporal Choice.
2. Franco Modigliani's Life Cycle Hypothesis.
3. Milton Friedman's Permanent Income Hypothesis.
4. Robert Hall and Random-Walk Hypothesis

UNIT IV:

Public Economics:

[15 lectures]

1. Market Failures and Role of the State.
2. Public Goods.
3. Public Expenditure Theory: Free Rider Problem, Efficiency Condition for Public Goods.
4. Principles of Taxation: Horizontal and Vertical Equity, Ability to Pay and Benefit Approach.

First C.I.A. : Short Answers and numerical application of UNITs 1/2

Second C.I.A.: Group presentations on the policies adopted by different nations.

List Of Recommended Reference Books

Basic Reference Books:

D'souza, E. (2008), *Macroeconomics*, Pearson Education, New Delhi.

Additional References:

1. Begg, Dornbusch and Fisher, *Macro Economics*,
2. Dwivedi, D.N. *Principles of Economics*, Vikas Publishing House, New Delhi, 2008
3. Froyen, R. T. *Macroeconomics: Theories and Policies*, Delhi: Pearson Education Asia, 2001
4. Mankiw, N. Gregory. *Macroeconomics*, 6e. New York: Worth Publishers, 2003.
5. Morris and Levi,
6. Musgrave R.A. and P.B. Musgrave: *Public Finance in Theory and Practice*, 5e. New York: McGraw Hill International Edition, 1989.
7. Salvatore, D *International Economics*, Prentice-Hall, New Jersey, recent edition.
8. Stiglitz, J. *Economics of Public Sector*, 3e. New York: W.W. Norton & Co, 2000.

TYBA

Course: A. ECO.6.03

TITLE: ECONOMIC DEVELOPMENT: POLICY AND APPLICATIONS - I

Learning Objectives:

1. To introduce students to theories and issues related to human resources and poverty.
2. To study the urban, rural and international aspects of development processes.
3. To understand critical areas of development economics, with reference to India.

Number of Lectures: 60

UNIT I:

Demography and Development

[15 Lectures]

1. Demographic indicators of development
2. Demographic Transition and Development Patterns.
3. Human Capital Formation and Manpower Planning - contribution of education and health.
4. Women and children in the workforce.

UNIT II:

Urbanization and Development

[15 Lectures]

1. Urbanization and Development
2. Migration and Development issues; Harris-Todaro model of rural-urban migration
3. Urban informal sector and the labour market.
4. Urban Governance and Development.

UNIT III:

International Measures for Development

[15 Lectures]

1. Foreign Trade and Development:
2. Trade strategies for Development: inward looking and outward looking.
3. Randomized Controlled Trials and Foreign Aid
4. Foreign Assistance and Financing and Development.

UNIT IV:

Critical issues and the Development Paradigm

[15 Lectures]

1. Infrastructure Deficits: Power, Connectivity, Finance, Sanitation and Shelter.
2. Neglect of Agriculture and Exploitation of Natural Resources.
3. Ecological Degradation
4. Human Displacement and Dispossession.

First CIA: Short Answers and Concepts

Second CIA: Applications and Case Studies.

List Of Recommended Reference Books

Basic Reference Book:

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

Additional References:

1. Debraj Ray, *Economic Development*, Oxford Publication, New Delhi,
2. Meier, Gerald M. and James E. Rauch. *Leading Issues in Economic Development*, 8th ed., Oxford University Press, New Delhi:
3. Thirwal A.P. 'Growth and Development – with special reference to developing economies, Palgrave-Macmillan Publication, New Delhi.

TYBA

Course: A. ECO.6.04

TITLE: ECONOMIC DEVELOPMENT: POLICY AND APPLICATIONS - II

Learning Objectives:

1. To introduce students to theories/issues related to population, poverty & human resources.
2. To study the urban, rural as well as international aspects of development processes.
3. To understand critical areas of development economics, with reference to India.

Number of Lectures: 60

UNIT I:

Demography and Development

[15 Lectures]

1. Demographic indicators of development
2. Demographic Transition and Development Patterns.
3. Human Capital Formation and Manpower Planning - contribution of education and health.
4. Gender issues in the workforce.

UNIT II:

Urbanization and Development

[15 Lectures]

1. Urbanization and Development
2. Migration and Development issues; Harris-Todaro model of rural-urban migration
3. Urban informal sector and the labour market.
4. Sustainable Cities.

UNIT III:

International Measures for Development

[15 Lectures]

1. Foreign Trade and Development:
2. Trade strategies for Development: inward looking and outward looking.
3. Randomized Controlled Trials and Foreign Aid.
4. Capital injection and development processes in BRICS

UNIT IV:

Critical issues and the Development Paradigm

[15 Lectures]

1. Infrastructure Deficits: Power, Connectivity, Finance, Sanitation and Shelter.
2. Neglect of Agriculture and Exploitation of Natural Resources.
3. Ecological Degradation
4. Human Displacement and Dispossession.

First CIA: Short Answers and Concepts

Second CIA: Applications and Case Studies.

List Of Recommended Reference Books

Basic Reference Book:

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

Additional References:

1. Debraj Ray, *Economic Development*, Oxford Publication, New Delhi,
2. Meier, Gerald M. and James E. Rauch. *Leading Issues in Economic Development*, 8th ed., Oxford University Press, New Delhi:
3. Thirwal A.P. 'Growth and Development – with special reference to developing economies, Palgrave-Macmillan Publication, New Delhi.

TYBA

Course: A. ECO.6.05

TITLE: INTRODUCTION TO POLITICAL ECONOMY

Learning Objectives:

1. To acquaint students with the history of political economy and thereby appreciate how modern economic policy and macro decision-making have evolved into their present form.
2. To familiarize students with the relationship that exists between the market on one side and individuals, society and the state on the other, w.r.t. issues concerning gender, environment and human welfare.
3. To engage students with the impact of evolving economic policies on the organization of production, labour market institutions and corporate structure.

Number of Lectures: 45

UNIT I:

Changing Dynamics of Capitalist Production

[15 Lectures]

1. Perspective on political economy with a historical overview.
2. Fordist and Post-Fordist Production Modes: Changes in the organization of production, markets and labour process; Changes in the nature of job security and labour rights.

UNIT II:

State in the Globalization Era

[15 Lectures]

1. Globalization and the limits of the Welfare State.
2. Development and State Autonomy.

UNIT III:

Changing Role of Finance

[15 Lectures]

1. Financial Liberalization and Financial Fragility.
2. Globalization and uneven development – Impact on People and Environment.

First CIA: Short Answer and Concepts Test.

Second CIA: Team work assignment.

List Of Recommended Reference Books

Basic Reference Book:

Hanushek, Eric Allen, 'Modern Political Economy', Cambridge University Press (1995)

Additional References:

1. Chakrabarti, Shantanu and Kingshuk Chatterjee (eds.), „Globalization and Development – Current Trends“ Calcutta University, Kolkata, 2012.
2. Dani Rodrik. “Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's Economic Growth in the 1990s: Learning from a Decade of Reform”. Journal of Economic Literature. Vol. XLIV (December 2006), pp. 973-987.
3. Harvey, David, „A Brief History of Neoliberalism“, Oxford University Press, 2005.
4. Ross, Michael, „The Bottom Billion“. Sage Publication, 1999.
5. Sen, Amartya, „Over 100 million women are missing“, New York Times Review of Books, 1990.
6. Shleifer, Andrei and Robert W. Vishny, „The Politics of Market Socialism“, The Journal of Economic Perspectives, Vol. 8, No. 2 (Spring 1994), 165-176.

TYBA

Course: A. ECO.6.06

TITLE: INTERNATIONAL FINANCE: THEORY AND POLICY

Learning Objective:

To familiarize the students with international monetary systems

Number of Lectures: 45

UNIT I:

Balance Of Payments

[15 Lectures]

1. Accounting principles in Balance of payments (Double entry system)
2. Balance of payments disequilibrium – causes, types, correction
3. Marshall – Lerner Condition
4. Exchange Rate Theories: Balance of Payment Approach and Purchasing Power Parity Theory

UNIT II:

International Monetary Systems

[15 Lectures]

1. Overview of Gold Standard System.
2. Collapse of Bretton Woods System.
3. Fixed versus Flexible Exchange Rate System.
4. International liquidity and role of IMF.

UNIT III:

Contemporary Sources of International Finance

[15 Lectures]

1. Instruments of FOREX.
2. International Bonds.
3. International Banking.
4. International Equity Market.

First CIA :Short Answers and Concepts

Second CIA :Report on assigned international economic issues

List Of Recommended Reference Books

Basic Reference Book :

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

Additional Reference Books :

1. Cherunilam Francis, *International Economics* (4th Edition), Tata McGraw-Hill Companies, 2006
2. Keenan P, *International Economics*
3. Krugman Pearson Paul R. & Obstfeld Maurice, *Economics - International Theory & Policy* (6th Edition), Pearson
4. Pilban Keith
5. Levi Morris
6. Sodersten Bo & Reed Geoffrey, *International Economics*, McMillan Press Ltd., 2003

TYBA

Course : A.ECO.6.07

TITLE: MATHEMATICAL TECHNIQUES FOR ECONOMICS

Learning Objectives:

1. To impart a basic understanding of Mathematics
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:

Linear Algebra

[15 Lectures]

1. Matrices and basic operations on matrices
2. Rank of a matrix and Inverse of a matrix
3. Cramer's rule
4. Characteristics roots and vectors (Eigen Values and Eigen Vectors)

UNIT II:

Derivatives and their Economic Applications

[15 Lectures]

5. Limits and Continuity
6. Derivatives
7. Increasing and decreasing functions; Concave, convex functions and inflexion point
8. Optimisation of economic functions

UNIT III:

Multivariate Functions

[15 Lectures]

1. Functions of several variables and partial derivatives; Marginal productivity, income and cross elasticities of demand
2. Homogeneous production functions and returns to scale
3. Total derivatives – Euler's Theorem
4. Optimisation of multi variable functions - Constrained optimisation with Lagrange multipliers - Cobb-Douglas production function

UNIT IV:

Integral Calculus

[15 Lectures]

1. Integration:Indefinite and Definite integral.
2. Present value of cash flows.
3. Consumer's and producer's surplus.
4. Learning Curve.

First CIA: Numericals based on Application of Mathematics to Economics. **Second CIA:** Mathematical Analysis of case studies

List Of Recommended Reference Books

Basic Reference Book:

Allan, R.G.D., *Mathematical Economics*, Oxford Publication, New Delhi.

Additional Reference Books:

1. Chiang Alpha, *Mathematical Economics*
2. Dowling, Edward T : *Introduction to Mathematical Economics*, Schaum's Outline Series, Tata McGraw- Hill, New Delhi, 2004
3. Lerner, Joel J and P. Zima : *Theory and Problems of Business Mathematics*, McGraw -Hill, New York, 1988.

TYBA

Course : A.ECO.6.08

TITLE: ECONOMETRICS - II

Learning Objectives:

1. To impart a basic understanding of Econometrics
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:

Econometric Model Specification

[15 Lectures]

1. Identification: Structural and reduced form
2. Econometric Specification
3. Misspecification and Ramsay RESET Specification test
4. Endogeneity and Bias

UNIT II:

Introduction to Time Series - I

[15 Lectures]

1. Cross sectional, time series, pool and panel data
2. Stationary process: AR, MA, ARMA, ARIMA
3. Box – Jenkins methodology

UNIT III:

Time Series - II

[15 Lectures]

1. Classical time series decomposition
2. Dickey–Fuller test
3. Selection Criteria – Akaike and Swartz

UNIT IV:

Forecasting

[15 Lectures]

1. Forecasting with a) Moving Averages b) Linear Trend c) Exponential Trend-CAGR
2. Forecasting with linear regression
3. Classical time series decomposition
4. Measures of forecast performance: Mean square error and root mean square error
5. Limitations of econometric forecasts

First CIA: Numericals

Second CIA:Project

List Of Recommended Reference Books

Basic Reference Book:

Wooldridge, Jeffrey, Econometrics, 2009

Additional Reference Books:

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

TYBA

Course : A.ECO.6.09

TITLE: CORPORATE FINANCIAL ANALYSIS

Learning Objective:

To acquaint the students with the application techniques of corporate finance.

Number of Lectures: 45

UNIT I:

Risk and Return: An Overview of Capital Market

[15 Lectures]

1. Risk and return of Single Assets : Standard deviation and variance
2. Historical capital market returns
3. Expected returns and risk : Probabilities in Estimates

UNIT II:

Portfolio Theory and CAPM

[15 Lectures]

1. Portfolio Risk and Returns Analysis: Two asset case
2. Risk diversification: Systematic and Unsystematic Risk
3. Capital Asset Pricing Model (CAPM) and Opportunity of Capital

UNIT III:

International Financial Management

[15 Lectures]

1. Foreign Exchange Market
2. International Parity Relationship
3. Foreign Exchange Risk and Hedging
4. International Capital Investment Analysis

First CIA :Short Answers and Concepts

Second CIA :Report on a Company's Financial Documents

List Of Recommended Reference Books

Basic Reference Book:

Pandey, I.M, *Corporate Finance*, Pearson Education, New Delhi, 2011

Additional Reference Books:

1. Brealy, Meyer, *Principles of Corporate Finance*, 8th edition, Tata-McGraw-Hill Publishing Co. Ltd., New Delhi.
2. Chandra, Prasanna, *Finance Sense*, Tata McGraw-Hill Publishing Co, Ltd., New Delhi
3. Chandra, Prasanna, (1993), *Fundamentals of Financial Management*, Tata McGraw–Hill Publishing Co. Ltd., New Delhi.
4. Damodaran, Aswath, (2007), *Corporate Finance Theory & Practice*, Wiley Series in Finance: New York
5. Ross Stephen, Randolph W. Westerfield, Bradford D. Jordan, (2008), *Fundamentals of Corporate Finance*, 8th edition, Tata McGraw Hill Publishing Co. Ltd., New Delhi.
6. Watson, Denzil& Antony Head, (2001), *Corporate Finance: Principles & Practices*, Pearson Education Ltd., Singapore.

TYBA

Course : A.ECO.6.10

TITLE: INDIAN FINANCIAL MARKETS

Learning Objectives:

1. To familiarize students with the working of financial markets and instruments
2. To understand the inter-linkages between the various financial markets.
3. To expose students to the new instruments and developments in the field of finance.

Number of Lectures: 45

UNIT I:

Derivatives

[15 Lectures]

1. Meaning and Significance of Derivative Markets
2. Types of financial derivatives and their pricing: Forwards, Futures, Options and Swaps
3. Derivatives trading in India.

UNIT II:

Financial Instruments

[15 Lectures]

1. Instruments: Traditional and Modern
2. Securitized papers
3. Collateralized debt obligations

UNIT III:

International Financial Instruments

[15 Lectures]

1. Euro Bonds
2. ADRs and GDRs
3. Other International Bonds (Cocktail Bonds, Convertible Bonds)

First CIA: Short answers and Numericals on Derivatives

Second CIA: Projects on Financial Markets.

List Of Recommended Reference Books

Basic Reference Book:

Pathak, Bharti, *Indian Financial System* (3rd Edition), Pearson Publications

Additional References:

1. Bhole, L. M., *Financial Institutions and Markets*, Tata McGraw Hill Publications
2. Bodie, Z. et al., *Financial Economics*, Pearson Education
3. Hull, John, *Introduction to Futures and Options Market*, Prentice Hall of India, New Delhi
4. Khan M. Y., *Financial Services*, Tata McGraw Hill Publications
5. Reserve Bank of India (various issues) Report on Currency and Finance, RBI, Mumbai