



# **St. Xavier's College – Autonomous Mumbai**

## **Syllabus For 5<sup>th</sup> Semester Core and Applied Courses in**

### **Economics**

**(June 2021 onwards)**

Contents:

Theory Syllabus for Courses:

AECO0501	Advanced Microeconomics
AECO0502	Principles of Microeconomics
AECO0503	Growth & Development: Theoretical Analysis
AECO0504	Approaches to Growth and Development
AECO0505	Evolution of Economic Thought
AECO0506	International Economics: Theory and Policy
AECO0507	Statistical Techniques for Economics
AECO0508	Advanced Econometrics- I
AECO0509	Corporate Finance -I
AECO0510	Indian Financial System and Institutions

Note: AECO0509 Corporate Finance-I is offered to TYBA Economics Full Majors only.

**TYBA**

**Course: AECO0501**

**TITLE: ADVANCED MICROECONOMICS**

**Number of Lectures: 60**

**Learning Objectives:**

1. Introduce the basic concepts of Game Theory within Oligopoly.
2. Identify and analyse pricing strategies under imperfect competitive situations in the Factor markets.
3. Assess the impact of pareto optimality criterion and social welfare.
4. Analyse the situation of Information Economics.

**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*. (6<sup>th</sup> Edition), Worth Publishers, New York.
3. Varian R. Hal, (2010) *Intermediate Microeconomics*, W. W. Norton and Co.

**TYBA**

**Course: AECO0502**

**TITLE: PRINCIPLES OF MICROECONOMICS**

**Learning Objectives:**

1. Analyse the Oligopolistic markets.
2. Apply of pricing strategies to the factor markets.
3. Understand general equilibrium analysis.
4. Understand the impact of asymmetric 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

**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*. (6<sup>th</sup> Edition), Worth Publishers, New York.
3. Ahuja H. L., (2009), *Advanced Economic Theory: Microeconomic Analysis*, (17<sup>th</sup> Edition.) S Chand and Co. Ltd. New Delhi.

**TYBA**

**Course: AEEO0503**

**TITLE: GROWTH AND DEVELOPMENT: THEORETICAL ANALYSIS**

**Learning Objectives:**

1. Understand the concepts of Growth and Development.
2. Critically analyze Classical Growth models.
3. Critically analyze Contemporary Growth models.
4. Apply growth models to analyse the impact of poverty and inequality.

**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
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

**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.

**TYBA**

**Course: AECO0504**

**TITLE: APPROACHES TO GROWTH AND DEVELOPMENT**

**Learning Objectives:**

1. Understand different growth theories.
2. Understand various growth related issues pertaining to global economies
3. Apply Classical Economic Growth Models to global situations.
4. Apply Contemporary Economic models to global situations.

**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

**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

**TYBA**

**Course: AEEO0505**

**TITLE: EVOLUTION OF ECONOMIC THOUGHT**

**Learning Objectives:**

1. Understand the contribution of different economic thinkers.
2. Critique the theoretical contribution of thinkers based on the applicability.
3. Learn the significance of various schools of economic thought in the evolution of economic theories.
4. Understand the relevance of Indian economic thought in policy making in India.

**Number of Lectures: 45**

**UNIT I: An Introduction to Economic Thought**

**[09 Lectures]**

1. Significance of the study of the history of economic thought
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
3. 1936 to 1980: Keynes, Schumpeter, Joan Robinson, Leontieff

**UNIT III: Post-Keynesian Economic Thought**

**[18 Lectures]**

1. Hayek, Friedman, Samuelson
2. Gunnar Myrdal, Amartya Sen, Joseph Stiglitz, Jagdish Bhagvati and Jean Dreze
3. Colonial and Post-colonial Indian thinkers

**First CIA: MCQs Test**

**Second CIA: Project work through Case Studies.**

**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

**TYBA**

**Course: AECO0506**

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

**Learning Objective:**

1. Recall the meaning of International Economics.
2. Identify the factors affecting the terms of trade.
3. Describe trade as an engine of economic growth.
4. Understand the meaning of tariff, quota and dumping.

**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 : MCQs**

**Second CIA :Projects**

**Basic Reference Book:**

Krugman International-Pearson Paul R. & Obstfeld Maurice Economics-Theory & Policy (6thEdition)Education

**Additional Reference Books:**

1. Cherunilam Francis International Economics (4th Edition) 2006 Tata McGraw-Hill Companies
2. Sodersten BO & Reed Geoffrey International Economics 2003 McMillan Press
3. Bhagwati Jagdish In Defense of Globalization 2004 Oxford University Press
4. Sarma P.V. & Mohana Rao L.K. New Trade Policy and W.T.O 2005 Kanishk Publishers New Delhi
5. Chaudhary N.V. Asian Economic Crisis: Perspectives & Implications 2005 The ICAI University Press
6. Salvatore Dominick, (2001) International Economics (7th Edition), John Wiley & Sons

**TYBA**

**Course: AECO0507**

**TITLE: STATISTICAL TECHNIQUES FOR ECONOMICS**

**Learning Objective:**

1. Learn statistical techniques for economic data analysis.
2. To understand probability distributions and their applications.
3. To formulate and test research hypotheses.
4. Apply test results on larger scale to population in general.

**Number of Lectures: 60**

**Unit 1: Probability Distributions**

**[25 Lectures]**

- Discrete Distributions: Binomial, Poisson; Expected Value and Variance; Standardized Binomial Random Variable
- Continuous Probability Distributions: Normal Distribution

**Unit 2: Statistical Inference**

**[25 Lectures]**

- Sampling Distributions; Hypothesis Testing: Type I and Type II Errors, Power of a Test
- Testing about one and two population means for small and large samples( z and t distributions)
- Testing hypotheses about population variances( Chi-square and F distributions)

**Unit 3: Jointly Distributed Random Variables**

**[10 Lectures]**

- Joint and Marginal Distributions; Conditional Probability, Conditional Expectation, Conditional Variance, Covariance and Correlation.

**References:**

1. Devore, J. Probability and Statistics for Engineering and the Sciences. Cengage(2010).
2. Hinton, P. Statistics Explained. Routledge(2014).
3. Anderson, D., Sweeney, D., & Williams, T. Statistics for Business and Economics. Cengage(2011)
4. Frank, H. & ALthoen, S. Statistics: Concepts & Applications. Cambridge University Press(1994).
5. Seymour Lipschutz, Schaum's Outline of Probability and Statistics, McGraw Hill(2017).
6. Richard Levin, Statistics for Management, Seventh Edition(2012).

**TYBA**

**Course: AEEO0508**

**TITLE: ADVANCED ECONOMETRICS- I**

**Learning Objective:**

1. Understand advanced techniques for conducting research in economic areas.
2. Apply econometric techniques to real world problems.
3. Understand estimation techniques for econometric equations involving qualitative variables and panel data.
4. Learn how to use R for regression modeling.

**Number of Lectures: 60**

**Unit 1: Simultaneous Equation Models**

**[15 Lectures]**

- Nature of Simultaneous Equation Models; Simultaneity Bias in OLS; The Identification Problem: The Order Condition of Identifiability
- Test of Simultaneity: Hausman Specification Test
- Estimation of Simultaneous Equation Models: Recursive Models and OLS, The Method of Indirect Least Squares, Instrumental Variables, The Method of Two-Stage Least Squares

**Unit 2: Qualitative Independent Variables**

**[15 Lectures]**

- ANOVA Models; ANCOVA Models
- Interaction Effects
- Piecewise Linear Regression
- Use of Dummy Variables in Seasonal Analysis

**Unit 3: Limited Dependent Variables**

**[15 Lectures]**

- Linear Probability Model
- Logit Model
- Probit Model

**Unit 4: Panel Data Techniques**

**[15 Lectures]**

- Introduction to Panel Data Techniques
- Fixed Effects Estimation
- Random Effects Models

CIA 1: Test

CIA 2: Assignment

**References:**

1. Gujarati, D. & Sangeetha. Basic Econometrics. McGraw Hill (2011)
2. Brooks, C. Introductory Econometrics for Finance. Cambridge University Press (2019).

3. Stock, J. & Watson, M. Introduction to Econometrics. Pearson (2011).
4. Dougherty, C. Introductory Econometrics. Oxford University Press (2011).
5. Kleiber, C. & Zeileis, A. Applied Econometrics with R. Springer(2008).
6. Heij, C., Boer, P., Franses, P., Kloek, T., Dijk, H. Econometric Methods with Applications in Business and Economics. Oxford(2004).
7. Wooldridge, J. Introductory Econometrics. Cengage (2009).
8. G.S. Maddala. Introduction to Econometrics. Macmillan Publishing (1992)
9. Verbeek, M. A Guide to Modern Econometrics. John Wiley (2004)
10. Angrist J. & Pischke, J. Mostly Harmless Econometrics: An Empiricist's Companion. Princeton University Press (2009)
11. Franses, P. Enjoyable Econometrics. Cambridge University Press (2018).



**TYBA**

**Course : AEEO0509**

**TITLE: CORPORATE FINANCE – I**

**Learning Objectives:**

1. To familiarize students to the core concepts of the theory and practice of Corporate Finance.
2. To Understand Balance sheet of companies and how to calculate Liquidity Ratio, Leverage Ratio and Profitability Ratio.
3. To learn bond and stock valuation
4. To understand capital structure of companies and their dividend policies

**Number of Lectures: 45**

**UNIT I: Introduction to Corporate Finance**

**[15 Lectures]**

- Corporate Finance: Meaning
- Corporate Finance: Principles; Balance Sheet, Profit & Loss Account, Financial Statements & Cash flows, Ratio Analysis, Mergers and Acquisitions.

**UNIT II: Valuation**

**[15 Lectures]**

- Bonds and Bond Valuation: Bond features, Bond prices, Bond Values and Yields, Interest Rate and Inflation Risk, Finding Yield to Maturity: Trial and Error Method, Government and Corporate Bonds.
- Stock Valuation: Present Value of Common Stocks, Dividend Discount Model

**UNIT III: Capital Structure and Payout Policy**

**[15 Lectures]**

- Capital Structure: Optimal Capital Mix, Modigliani & Miller Proposition I & II
- Dividend Policy: Stock dividends, Stock Splits, Irrelevance of Dividend Policy, Homemade Dividends, Stock Repurchases.

**First CIA: Written Test**

**Second CIA: Assignment**

**References:**

1. Pandey, I M. Financial Management. Ninth Edition
2. Bodie, Z. et al., (2009), Financial Economics, Pearson Education, New Delhi.
3. Ross, S., Westerfield, R., & Jaffe, J. Corporate Finance. McGraw-Hill (2010).
4. Berk, J. & Demarzo, P. Corporate Finance. Pearson (2014).
5. Brealy, R., Myers, S. & Allen, F. Principles of Corporate Finance. McGraw-Hill (2011).
6. Welch, I. Corporate Finance: An Introduction. Pearson (2009).
7. Damodaran, Aswath, (2007): Corporate Finance Theory & Practice, Wiley Series, New York
8. Rustogi, R. P., (2005): Financial Management, Galgotia Publishing Co.: New Delhi.
9. Hay D. A. and Moriss D., (1979), Industrial Economics, Oxford University Press

**TYBA**

**Course: AECO0510**

**TITLE: Indian Financial System and Institutions**

**Learning Objective:**

1. Understand the basics of Indian Financial System.
2. Understand the role of financial institutions and markets in Indian Financial System.
3. Understand the structure of financial system and its functions.
4. Understand the role of financial regulators in Indian financial system.

**Number of Lectures: 45**

**UNIT 1: Introduction to Indian Financial System**

**[15 Lectures]**

1. Structure of Indian Financial System
2. Financial system and economic development – Indicators of financial development, key financial ratios: FR, FIR, NIR, and IR.
3. Financial sector reforms: Narsimham committee report 1991 and 1998.

**UNIT 2: Financial Institutions**

**[15 Lectures]**

1. Commercial Banks & co-operatives Banks
2. NBFCS- meaning, types, growth and regulation
3. Credit Rating Agencies – Domestic and International

**UNIT 3: Financial Regulators**

**[15 Lectures]**

1. RBI
2. SEBI, IRDA, PFRDA
3. IBBI

**First CIA:** Short answers and Concepts

**Second CIA:** Group Presentations

**Basic Reference Book:**

Indian Financial System- Bharti Pathak (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