

UNIVERSITY OF MUMBAI  
Revised Syllabus for F.Y.B.A.  
**Economics – Paper I**  
**ECONOMIC THEORY**

**SECTION I**

**Module 1: Introduction**

Meaning and Scope of Microeconomics - Ceteris Paribus Assumption - Concepts and Types of Equilibrium: Partial and General.  
(05 Lectures)

**Module 2: Consumer's Behaviour**

Utility: Cardinal Approaches - Indifference Curve: Consumer's Equilibrium; Income, Price and Substitution Effects; Giffen Paradox – Revealed Preference Hypothesis - Elasticity of Demand: Price, Income, Cross and Promotional – Consumer's Surplus - Engel Curve.  
(15 Lectures)

**Module 3: Production and Costs**

Production: Short-run and Long-run - Law of Variable Proportions - Isoquants, Iso-cost Line and Producer's Equilibrium – Returns to Scale – Economies and Diseconomies of Scale - Cobb-Douglas Production Function.  
(15 Lectures)

**Module 4: Costs and Revenue**

Costs: Short-run Cost and Long-run Cost, Derivation of Short-run Cost Curves and their Relationship – Derivation of Long-run Average Cost Curve and its features.

Revenue: Total Revenue, Average Revenue and Marginal Revenue: Relationship between AR and MR under different Market Structures; Relationship between AR, MR and Elasticity of Demand.  
(15 Lectures)

**SECTION - II**

**Module 5: Theory of the Firm**

Objectives of a Firm: Profit, Sales and Growth Maximization - Break-Even Analysis - Analysis of Equilibrium of a Firm - Pricing Methods in Practice: Marginal Cost and Full Cost Approaches.  
(10 Lectures)

**Module 6: Perfect Competition**

Perfect Competition: Features; Short-run Equilibrium of the Firm and Industry; Derivation of the Supply curve of the Firm and Industry; Long Run Equilibrium of the Firm and Industry.  
(15 Lectures)

**Module 7: Monopoly**

Monopoly: Features, Short-run Equilibrium of the Monopolist under Different Cost Conditions and Long-run Equilibrium of the Monopolist; Discriminating Monopoly,

Equilibrium under Discriminating Monopoly, Dumping – Comparison between Perfect Competition and Monopoly with Reference to Output and Price.  
(15 Lectures)

**Module 8: Monopolistic Competition and Oligopoly**

Monopolistic Competition: Features, Equilibrium in the Short-run and in the Long-run - Wastages under Monopolistic Competition – Features of Oligopoly  
(10 Lectures)

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Revised Syllabus for S.Y.B.A.  
**Economics – Paper II**

**SECTION – I**

**Module 1 : Introduction**

Distinction between Micro Economics and Macro Economics; Circular Flow of Economic Activities; Concepts of National Income Aggregates : GNP, NNP, GDP, NDP, Per Capita Income, Personal Income and Disposal Income; Methods of Measurement of National Income (with special reference to India). Price Indices.

**Module 2 : Determination of Employment**

Say's Law, Keynesian Concepts of Aggregate Demand, Aggregate Supply and Effective Demand, Consumption Function and Investment Multiplier; Investment Function, Savings and Investment; ex-ante and ex-post; Types of Inflation, Demand-pull and Cost-pull inflation.

**Module 3 : Money**

- a) Meaning and Functions of Money
- b) Supply of Money, Constituents of Money supply; Determinants of Reserve Money and Money Supply; Velocity of Circulation of Money; Money Multiplier; Measures of Money Supply in India (including Liquidity Concepts).
- c) Demand of Money; Classical and Keynesian Approach.
- d) Value of Money; Quantity Theory of Money; Cash Transaction and Cash Balance Versions; Friedman's Quantity Theory of Money.

**SECTION – II**

**Module 4 : Banking and Financial Markets**

Commercial Banks : Functions, Multiple Credit Creation Process; Commercial Banking Development in India since 1969.

Central Bank : Functions, Objectives and Instruments of Monetary Policy (with special reference to India).

Money Markets : Features of Indian Money Market, Instruments of Money Market.

Capital Markets : Primary Market and Secondary Market; Role of Capital Market in Economic Development; Securities and Exchange Board of India (SEBI).

### **Module 5 : Public Finance and Fiscal Policy**

Nature and Scope of Public Finance; Sources of Public Revenue; Canons of Taxation; Direct and Indirect Taxes; Public Expenditure : Revenue Expenditure and Capital Expenditure; Public Debt; Concepts of Deficit; Federal Finance in India (with respect to latest available Report).

Revised Syllabus for S.Y.B.A.  
**Economics – Paper III**  
**(Indian Economy)**

#### **FIRST TERM**

##### **Module 1: Introduction** (12 Lectures)

[a] Indian Economy in the Pre-British Period: Structure and Organization of Villages, Towns, Industries and Handicrafts; Economic Consequences of the British Rule: The Theory of Drain – Pros and Cons; Case for Protection of Indian Industries.

[b] Salient Features of Indian Economy and Structural Changes in National Income since Independence; Government Measures to Alleviate Poverty and Income Inequality in India.

##### **Module 2: Agriculture** (12 Lectures)

Nature and importance; Causes of Low Productivity; Land Reforms; New Agricultural Strategy and Green Revolution; Rural Credit; Agricultural Marketing; Agricultural Price Policy (including Food Security).

##### **Module 3: Industry** (12 Lectures)

[a] Industrial Development Since Independence; Overview of Industrial Policy Resolutions of 1948 and 1956 and New Industrial Policy, 1991.

#### **SECOND TERM**

[b] Role and Problem of Small Scale Industries; Government Policy towards Small Scale Industry; Role and Problems of Public Sector Enterprises in India; Disinvestment Policy.

##### **Module 4: Population and Labour Markets** (12 Lectures)

Features of India's Population, Population Policy; Features of Agricultural, Industrial and Tertiary Labour Markets; Unemployment Problem; Labour Market Segmentation; Role of Trade Unions; Impact of Liberalization on Employment (Exit Policy and Safety Net for Labour); Industrial Relations.

##### **Module 5: External Sector** (12 Lectures)

Analysis of trend in Exports and Imports; Change in Composition and Direction of India's Foreign Trade; EXIM Policy; India's Balance of Payments Position in Recent Years. Foreign Exchange market; Exchange Rate policy; Convertibility; Foreign Capital Flow; WTO and India.

## **Revised Syllabus for T.Y.B.A.**

### **PAPER: IV** **ADVANCE ECONOMIC THEORY**

#### **SECTION I**

1. **PRICE AND UNDER OLIGOPOLY:**

Features of Oligopoly market, Cournot's model, Kinked Demand Curve Hypothesis, Collusion: Cartels and Price Leadership. Game Theory: Nash Equilibrium and Prisoner's Dilemma.

2. **THEORY OF FACTOR PRICING:**

Factor Pricing in Perfectly and Imperfectly Competitive Market Economic Rent. Wage Determination under Collective Bargaining Bilateral Monopoly. Loanable Funds Theory, Risk, Uncertainty and Profits.

3. **GENERAL EQUILIBRIUM AND SOCIAL WELFARE:**

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

4. **ECONOMICS OF INFORMATION:**

Economics of Search: Search costs. Information failure and missing markets. Asymmetric Information: The market for Lemons. Adverse selection: Insurance Markets. Market Signaling. The Problem of Moral Hazard. The Principal-Agent Problem. The Efficiency Wage Theory.

#### **SECTION – II**

5. **IS-LM MODEL:**

Money market equilibrium: The LM curve; Product Market Equilibrium. The IS Curve; The IS and LM Curves Combined – Factors Influencing Equilibrium Income and the Interest Rate: Monetary Influences: Shift in the LM Schedule – Real Influences: Shift in the IS Schedule; 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; Derivation of the Macroeconomic (Aggregate) Demand Curve from

the LS-LM Schedules – Aggregate Supply and the Phillip’s Curve.  
Determination of Price Level and Aggregate Output using AD and AS curves.

6. OPEN-ECONOMY MACROECONOMICS

Fixed versus flexible exchange rate regime, Determination of Exchange Rate in Free Markets Mundell-Fleming model – the impossible trinity. The concept of real exchange rate, Purchasing Power Parity theory. Disequilibrium in the balance of payments and Balance of payments adjustment: devaluation, reduction in absorption, direct controls. Currency crisis.

7. INTERNATIONAL TRADE

Classical Theory of International Trade, Haberler’s Theory of Opportunity Cost; Heckscher-Ohlin Theory of Trade; Law of Reciprocal Demand and Offer Curves – Equilibrium price in International Trade; Free Trade versus Protection in Trade Policy; Tariffs and Their Effects;

8. PUBLIC ECONOMICS

Market Failures and Role of the State. Public Goods, Public Expenditure Theory; Free Rider Problem, Efficiency Condition for Public Goods. Principles of Taxation: Horizontal and Vertical Equity, Ability to Pay and Benefit Approach, Tax Incidence, Excess Burden of Taxation.

**Paper V**  
**GROWTH AND DEVELOPMENT**

**Section - 1**

**1. Module 1: Meaning of Development and Relevant Concepts** (12 Lectures)

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

**2. Module 2: Classical Theories of Development** (14 Lectures)

Rostow's stages of growth, Harrod-Domar growth model, Structural change and Lewis' model of unlimited supplies of labour, Solow's growth theory.

**3. Module 3: Contemporary Models of Development and Under-development** (10 Lectures)

Theories of endogenous growth with special reference to Romer's model, underdevelopment as coordination failure, multiple equilibria, the big push theory and Leibenstein's Theory of Critical Minimum Efforts.

**4. Module 4: Poverty, Inequality and Development** (14 Lectures)

Measurement of poverty – absolute and relative, Head-Count Index and Poverty Gap Indices, policy options for alleviation of poverty, measurement of income inequality economic growth and income inequality - Kuznets's inverted U hypothesis, impact of inequality on development.

## Section - II

### **5. Module 5: Population and Human Resources** (14 Lectures)

Demographic transition, causes of high fertility in developing countries - the microeconomic household theory of fertility, consequences of high fertility, approaches to population policy, contribution of education and health to economic growth and development, role of health in economic development.

### **6. Module 6: Urbanization and Informal Sector** (12 Lectures)

Causes and effects of urbanization, Harris-Todaro model of rural-urban migration, migration and development, policies for the urban informal sector, women in the informal sector, the microfinance revolution.

### **7. Module 7: Agricultural Transformation and Rural Development** (10 Lectures)

Role of agriculture in economic development, rural credit markets: organized and unorganized, policies for rural development, agriculture and the WTO.

### **8. Module 8: International Aspects of Development** (14 Lectures)

Trade strategies for development: inward looking and outward looking, financing of balance of payments deficits, foreign direct investment and multinational corporations, foreign portfolio investments and developing countries, role of IMF and the World Bank – stabilization and structural adjustment programme

## Paper VI

### **INDIAN FINANCIAL SYSTEM**

#### **1. OVERVIEW OF THE INDIAN FINANCIAL SYSTEM**

Definition and Meaning of the Financial System – Components of the financial System – Institutions, Instruments, Markets and Services; Functions and Role of Financial System; Financial System and Economic Development – Indicators of Financial Development : FR, FIR, NIR and IR; Financial Sector Reforms : Narasimham Committee Report 1991 and 1998.

#### **2. FINANCIAL INSTITUTIONS**

Central Banking : Functions – traditional and promotional – Monetary Policy of the RBI – Transmission Channels of Monetary Policy – interest rate channel, exchange rate channel and asset price channel.

Commercial Banking : Growth of Commercial Banking since independence, nationalization of commercial banks and their performance assessment till 1992 and developments thereafter – Classification of assets(with respect to Balance sheet of Commercial Banks.) and the Issue of non-performing assets and their management ; Capital Adequacy Norms-Basel Accord 1 and 2; Risk Management in Indian banks.

Overview of Development Banking in India – Non Banking Finance Companies : Meaning , Types, Growth and Regulation.

### **3. FINANCIAL MARKETS**

Money market : Meaning – Constituents of organized money market and reforms; Features of Indian money market.

Capital Market : Overview of History of Indian Capital ; Phases of Growth of Indian Capital Market since 1947; Primary Market: Free pricing regime, book-building, green-shoe option, on-line IPO's ; Secondary Market: organization, management and membership of stock exchanges, listing, trading and settlement systems ; Overview of Debt Market in India – Interlink between Money Market and Capital Market.

Foreign Exchange Market : Constituents/ players in the market- Growth since 1991- Rate of Exchange and its influence on financial flows.

### **4. FINANCIAL INSTRUMENTS**

Traditional Instruments: Equities, Debentures and Bonds; New Instruments: Floating Rate Bonds, Zero Interest Bonds, Deep Discount bonds, Auction rated debentures, securitized papers, collateralized debt obligations, Inverse float bonds.

### **5. THE DERIVATIVES MARKET IN INDIA**

Meaning of derivatives and their significance – need for financial derivatives- types of financial derivatives; pricing of derivatives; Derivatives trading in India.

### **6. FINANCIAL SERVICES & REGULATION**

Classification, Importance and working of financial services – insurance, mutual funds, leasing, venture financing, credit rating, merchant banking, e-banking, factoring and forfeiting- Micro finance and financial inclusion  
Regulation of financial system: RBI, SEBI and IRDA.

## **Paper VII RESEARCH METHODOLOGY**

### **Section I**

#### **Module 1: Introduction**

- Research : meaning and significance
- Characteristics of Scientific Research
- Types of research : pure, applied, analytical, exploratory, descriptive, surveys.

- Case study
- Conceptual or theoretical models
- Research process
- Limitations of Social science research
- Role of computer technology in research

#### Module 2: **Data: Types, Measurement, Sources and Sampling methods**

- Data ,information and statistics
- Data types :Qualitative and Quantitative; Cross section and Time-series
- Scales of measurement :nominal, ordinal, interval, ratio
- Sources of data :Primary and Secondary
- Census and sample survey-criterion of good sample, choice of sample, probability and non-probability sampling methods, sampling and non sampling errors.

#### Module 3: **Data collection methods**

- Primary data: Methods of collecting primary data :  
Observation,interview,schedules and questionnaires, case study.
- Framing questionnaire and interview schedule for socio -economic exploratory surveys
- Conducting case study of sick firm or a successful organization, or entrepreneur or an NGO or a govt. department or a school or a hospital etc. and reporting in format such as objectives, performance, problems and future plans.
- Secondary data
- Sources: Published statistics-Brief overview of contents of publications such as Economic Survey, RBI Bulletin, Budget Documents, Statistical Outline of India, Stock Exchanges etc.
- Newspapers and Periodicals providing information on current socio-economic problems.
- Unpublished statistics: records relating to internal activities of institutions such as cost records,profit and loss statement,balance sheet,progress reports, performance records,etc
- Acquaintance with the Internet websites of important Central government ministries, RBI,WB,IMF,ADB etc.
- Use of search engines, and search methods.

#### Module 4:**Presentation and preliminary analysis of data**

- Classification and tabulation
- Graphical presentation of frequency and cumulative frequency distributions, and of socio-economic data
- Measures of central tendency,Graphical location of locational averages
- Measures of dispersion:absolute and relative
- Karl Pearson and Bowley's measures of Skewness

### **Section II**

#### Module 5:**Advance analysis of data**



- Correlation: Scatter diagram, Pearson's and Spearman's
- Two variable linear regression analysis : Principal of Least Squares, Coefficient of determination
- Relationship between  $r$ ,  $b_{yx}$  and  $b_{xy}$
- Time Series Analysis: Components, Estimation of Trend: Moving average, Linear trend.

Module 6: **Index Numbers**

- Simple Indices Index number: definition, types, uses, problems in its construction, concept of WPL
- Weighted Indices: Laspeyres, Paasche, Fisher
- Deflator
- Base shifting and splicing
- Cost of Living Index Number

Module 7: **Hypothesis : Nature and Role in Research**

- Definition of a Hypothesis
- Role of a Hypothesis
- Types of Hypothesis
- Criteria of Good Hypothesis
- Null and Alternative Hypothesis, parameter and Statistic, Type I and Type II errors, Level of Significance, Critical region

Module 8: **Report Writing**

- Meaning and Significance of a Research Report
- Types of Research Report : Technical, Popular, Interval, Summary, Article
- Format of a Research Report : Title to Bibliography
- Principles of writing the Research Report: Organization and Style
- Writing the report on the survey conducted by the student.

**Paper VIII**

**INTERNATIONAL ECONOMICS : THEORY AND POLICY**

Section - 1

**1. International Trade Theories**

Importance of International Economics, Benefits of foreign trade & foreign investment.

Comparative cost advantage theory including Taussig's restatement, Misconceptions about comparative advantage : Pauper labor argument. Factor endowments theory of international trade : H.O theorem, Empirical evidence on H.O model, Leontieff's paradox.

## **2. International Factor Movements.**

Factors determining labor and capital mobility, International trends in labor mobility & migration, Wage convergence.

Trends in foreign investment: Aid, portfolio investment, FDI- Experience with MNCs.

## **3. Trade Policies.**

Free trade and Efficiency , Case for protectionism, Strategies of trade and growth: import – substituting industrialization and export – oriented industrialization.

Trade liberalization under WTO, Controversies in trade policies- with reference to labor standard, environment, issues under TRIPS and GATS, Dispute settlement body of WTO.

## **4. Instruments of trade policy.**

Tariff: Meaning, implications/effects and illustrations/ case studies(to be discussed in classroom), Theory of optimum tariff, Theory of customs union: Trade creation and trade diversion.

Non- tariff barriers: Export subsidies, import quotas, voluntary exports restraint, preferential trading agreement, commodity agreements: Meaning, effects and case studies( case studies to be discussed in the classroom)

# **Paper IX**

## **COMPUTER APPLICATIONS TO ECONOMIC ANALYSIS**

### **Module 1: Introduction to Computers**

- Characteristics of Computer Systems

- Presentation using Power point
- Basic concepts of Internet
- Online sources of data
- Basics of Ms Office

#### Module 2: Applications of Excel-I

- Financial functions
- Statistical functions
- Text functions
- Logical functions
- Date and time functions
- Database functions

#### Module 3: Applications of Excel-II

- Graphical representation of data
- Data manipulation- sorting, filtering and subtotals
- Data analysis: correlation

#### Module 4: Applications of Access-I

- Creating tables
- Creating forms
- Creating queries

#### Module 5: Applications of Access-II

- Creating reports
- Creating reviews

#### Module 6: Introduction to Easy Reg

- Reading data into Easy reg
- Plotting and summarising data
- Doing Bivariate Regression
- Doing Multivariate Regression
- Interpreting regression output