

**DECACN EDUCATION SOCIETY'S
FERGUSON COLLEGE, PUNE
(AUTONOMOUS)**

SYLLABUS UNDER AUTONOMY

**SECOND YEAR B.A.
SEMESTER –I**

SYLLABUS FOR S.Y.B.A. (ECONOMICS)

Academic Year 2017-2018

SEMESTER –I
Paper Code: ECO2301
Banking and Financial Sector I

Objectives

Banking and Financial Sector course is an introductory undergraduate course that teaches the fundamentals of the banking sector. This course introduces Modern banking techniques and instruments. It will provide the students with a basic understanding of the stock market, the debt market as well as a functioning knowledge of the Banking sector in India.

Students will also be introduced to the use of financial instruments and applications to address problems in current economy throughout the semester

| | Title and Contents | No. of Lectures |
|------------------|---|------------------------|
| Unit -I | Evolution of Modern Banking 1.1 Meaning & Definition of Bank. 1.2 Evolution of Banking in India. 1.3 Structure of Indian Banking System 1.4 Introduction and Structure of Co-operative banking in India | 08 |
| Unit -II | Functions of Commercial Banks 2.1 Primary Functions-Accepting Deposits, Granting Loans & Advances. 2.2 Secondary Functions-Agency Functions, General Utility Functions 2.3 Methods of Remittances. | 08 |
| Unit –III | 3.1 Components of Balance Sheet of Commercial Banks 3.2 Liquidity, Profitability and Safety- Meaning & Concept. 3.3 Multiple Credit Creation-Process & Limitations. 3.4 What is Interest 3.5 Simple and Compound Interest 3.6 Nominal and Effective rate of Interest, EMI calculation | 16 |
| Unit –IV | New Technology in Banking 4.1 E-Banking – Need and Importance, green banking 4.2 Meaning, concept and operation of - 4.2.1 Automated Teller machine- ATM 4.2.2 Credit Card, Debit Card, Tele Banking, Mobile Banking, Net Banking 4.2.3 Society for worldwide Interbank Financial Telecommunication (SWIFT) 4.2.4 Core Banking 4.2.5 RTGS, NEFT, e-wallets | 16 |

References:

1. Reserve Bank of India, Report on Trend and Progress of Banking in India.
2. Reserve Bank of India, Report on Currency and Finance (Annual).
3. Day, A.C.L. (1960), Outline of Monetary Economics, Oxford University Press, Oxford.
4. De Kock, M.H. (1960), Central Banking, Staples Press, London.
5. Due, J.F. (1963), Government Finance, Irwin, Homewood.
6. Harris, C.L. (1961), Money and Banking, Allyn and Bacon, London.

SEMESTER –II
Paper Code: ECO2401
Banking and Financial Sector II

| | Title and Contents | No. of Lectures |
|---|---|------------------------|
| Unit -I | Short Term Borrowing and NBFC's 1.1 Call money Markets 1.2 Repo and Reverse Repo 1.3 T-Bills 1.4 Commercial Papers 1.5 Nonbanking Financial Institutions NBFCs 1.6 Structure of NBFCs 1.7 Activities of NBFCs | 12 |
| Unit -II | Mutual funds 2.1 Types of mutual funds 2.1.1. Equity funds, debt funds, hybrid funds, exchange traded funds (ETF) 2.2 Initial fund offer (IFO) 2.3 Buying and selling mutual funds | 08 |
| Unit -III | Stock Market 3.1 Role of Capital Markets 3.2 Characteristics and Features of Equities 3.3 Capital Market Instruments 3.3.1. Ordinary Shares 3.3.2 Preference Shares 3.3.3 Rights and bonus Issue 3.4 Initial Public Offer IPO 3.4.1 Follow up Public Offer 3.5 Debentures 3.5.1. Convertible 3.5.2 Non convertible 3.5.3 Partially convertible 3.6 Stock exchanges: NSE and BSE 3.6.1 NIFTY 3.6.2 SENSEX 3.7 Demat and Trading account | 20 |
| Unit –IV | Reserve Bank of India 4.1 Functions 4.2 Money Measures- M0, M1, M2, M3, M4 4.3 Monetary policy- Meaning & objectives 4.4 Instruments of Credit Control | 08 |
| References: 1. Reserve Bank of India, Report on Trend and Progress of Banking in India. 2. Reserve Bank of India, Report on Currency and Finance (Annual). 3. Day, A.C.L. (1960), Outline of Monetary Economics, Oxford University Press, Oxford. 4. De Kock, M.H. (1960), Central Banking, Staples Press, London. 5. Due, J.F. (1963), Government Finance, Irwin, Homewood. 6. Harris, C.L. (1961), Money and Banking, Allyn and Bacon, London. | | |

SEMESTER –I
Paper Code: ECO2302
MICRO ECONOMICS

OBJECTIVES

Fundamentals of Microeconomics is an introductory undergraduate course that teaches the fundamentals of microeconomics. This course introduces microeconomic concepts supply and demand analysis, theories of the firm and individual behaviour, competition and monopoly, and welfare economics.

Students will also be introduced to the use of microeconomic applications to address problems in current economic policy throughout the semester.

| | Title and Contents | No. of Lectures |
|-----------------|---|------------------------|
| Unit -I | <p>Introduction</p> <p>1.1 Problem of scarcity and choice: scarcity, choice and Opportunity cost.</p> <p>1.2 Normative Economics and Positive Economics – Methodology; Static and Dynamic economy</p> <p>1.3 Variable– Dependent and Independent variables, Endogenous-exogenous variables, Stock, flow.</p> <p>1.4 Tools of Economic Analysis – Functions- Schedules, Graphs &Equations(linear equation, quadratic equation, solving simultaneous linear equations, slope (differentiation) [Reading and working with graphs.], Exogenous & Endogenous</p> | 08 |
| Unit -II | <p>Utility</p> <p>2.1 Budget Constraint - How the Budget Line Changes, The Numeraire</p> <p>2.2 Cardinal Utility-Law of Diminishing Marginal Utility. Utility Function. Examples of Utility function (Corresponding to above Indifference Curves) -Perfect Substitutes Perfect Complements, Cobb-Douglas Preferences.</p> <p>2.3 Ordinal Utility (Preferences) – Concept & Assumptions, Indifference Curves, Examples of indifference curves (Well behaved, perfect substitutes, perfect complements). MRS , Marginal Utility. Marginal Utility and MRS. Optimal Choice(Utility maximization (theory and graphical intuition – Example of well-behaved, perfect complement, perfect substitute.)</p> <p>2.4 Revealed Preference Theory</p> <p>2.5 Demand- Law of demand ; Determinants of demand</p> | |

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| | <p>1) Income - Normal and Inferior Goods, Income Offer Curves and Engel Curves Curve.</p> <p>2) Price - Ordinary Goods and Giffen Goods, the Price Offer Curve and the Demand Curve, Substitutes and Complements, The Inverse Demand Curve, Market Demand</p> <p>2.6 Elasticity of Demand</p> <p>2.6.1 Price Elasticity- Concept and Determinants and Sums</p> <p>2.6.2 Income Elasticity- Concept and sums</p> <p>2.6.3 Cross Elasticity-concept & application and sums</p> | |
| Unit –III | <p>Supply Analysis</p> <p>3.1 Meaning, Concept & Determinants. Single producer Vs market supply of commodity (equations)</p> <p>3.2 Law of Supply.</p> <p>3.3 Elasticity of Supply.(sums)</p> <p>3.4 Market Equilibrium – Comparative Statics, Consumers surplus.</p> | 08 |
| Unit –IV | <p>Theory of Production</p> <p>4.1 Production function.- short run and long run, Cobb-Douglas production function</p> <p>4.2 The law of Variable Proportions</p> <p>4.3 Law of returns to scale.</p> <p>4.4 Introduction to iso-quants, The Technical Rate of Substitution. (MRTS)</p> <p>4.5 Revenue concept-Total, Average & Marginal Revenue.</p> <p>4.6 Cost concepts: Fixed & Variable Cost, Opportunity cost, Average & Marginal cost, Total cost, sunk cost. With sums, Cost Curves, iso-cost curves</p> <p>4.7 Short run and Long run Cost, Relationship between them</p> <p>4.8 Return to scale and cost.</p> <p>4.9 Economic profit, Profit maximization</p> | 14 |
| <p>References:</p> <p>1. Hal R. Varian, Intermediate Microeconomics: A Modern Approach, 8th edition, W.W. Norton and Company/Affiliated East-West Press (India), 2010. The workbook by Varian and Bergstrom could be used for problems</p> <p>2. Robert Pindyck, Daniel Rubinfeld and Prem Mehta, Microeconomics, 7th Edition, Pearson.</p> <p>3. Edward Dowling, Theory and problems of Introduction to Mathematical Economics, 3rd Edition, Tata McGraw Hill.</p> <p>4. H.L.Ahuja; Principle of Microeconomics, S.Chand (2015) & Company Ltd. New Delhi.</p> | | |

Marathi Reference Books

- 1 मुकुंद महाजन, अंशलक्षी अर्थशास्त्र , निराली प्रकाशन, पुणे.
- 2 राजेन्द्र रसाळ, सुक्ष्म आर्थिक विश्लेषण भाग १ आणि २ सक्स्थेस प्रकाशन पुणे.
- 3 बोधनकर,मेधा कानेटकर, मौद्रिक अर्थशास्त्र , साईनाथ प्रकाशन नागपूर.
- 4 कृष्णराव पाटील, उच्चतर आर्थिक सिद्धांत, मंगेश प्रकाशन नागपूर

SEMESTER –II
Paper Code: ECO2402
MICRO ECONOMICS

| | Title and Contents | No. of Lectures |
|------------------|---|------------------------|
| Unit -I | <p>Market Structure</p> <p>5.1 Meaning & Classification</p> <p>5.2 Perfect Competition: Concept, Characteristics</p> <p>5.2.1 Short run Competitive Equilibrium – Profit maximization by a competitive firm (i.e. supply decision of a firm), Short run Supply curve of a competitive firm and supply curve of market.</p> <p>5.2.2 Long run Competitive Equilibrium of the firm and industry, Long run firm and Industry Supply Curve. (graphical representation)</p> <p>5.3 Monopoly-Concept, Characteristics.</p> <p>5.3.1 Equilibrium - The Monopolist's Output decision.</p> <p>5.3.2 Price discrimination; First degree, Second Degree, Third Degree.</p> <p>5.3.3 Sources of Monopoly power, natural monopoly.</p> <p>5.4 Analysis of Markets - Consumers surplus and producers surplus in competitive market, dead-weight loss in Monopoly.</p> <p>5.5 Monopolistic Competition : Concept, Characteristics, short & long run Equilibrium, Selling cost-concept</p> <p>5.6 Oligopoly– Concept, Characteristics- Cartel Theory Duopoly– Concept, Characteristics, Bertrand Model, Cournot Model, Prisoner's Dilemma</p> | 20 |
| Unit -II | <p>Factor Pricing</p> <p>6.1 The Marginal Productivity Theory of Distribution.</p> <p>6.2 Rent– Ricardian Theory of Rent, Modern Theory of Rent, Quasi Rent,</p> <p>6.3 Wages–Modern Theory of Wages, Collective Bargaining, Supply curve of Labour(backward)</p> <p>6.4 Interest-Loanable Funds Theory, Keynesian Liquidity preference theory</p> <p>6.5 Profit– Risk Theory, Uncertainty Theory, Innovation Theory, Dynamic Theory</p> | 20 |
| Unit –III | <p>Welfare Economics</p> <p>7.1 Definition and meaning</p> <p>7.2 Externalities- meaning and impact, Concept of Public</p> | 08 |

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| | goods. 7.3 Social Welfare Function.- Welfare maximisation 7.4 Thought of Amartya Sen on Welfare Economics, Edgeworth | |
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References:

1. Hal R. Varian, Intermediate Microeconomics: A Modern Approach, 8th edition, W.W. Norton and Company/Affiliated East-West Press (India), 2010. The workbook by Varian and Bergstrom could be used for problems
2. Robert Pindyck, Daniel Rubinfeld and Prem Mehta, Microeconomics, 7th Edition, Pearson.
3. Edward Dowling, Theory and problems of Introduction to Mathematical Economics, 3rd Edition, Tata McGraw Hill.
4. H.L.Ahuja; Principle of Microeconomics, S.Chand (2015) & Company Ltd. New Delhi. Marathi Reference Books
- 1 मुकुंद महाजन, अंशलक्षी अर्थशास्त्र, निराली प्रकाशन, पुणे.
- 2 राजेन्द्र रसाळ, सुक्ष्म आर्थिक विश्लेषण भाग १ आणि २ सक्स्येस प्रकाशन पुणे.
- 3 बोधनकर, मेधा कानेटकर, मौद्रिक अर्थशास्त्र , साईनाथ प्रकाशन नागपूर.
- 4 कृष्णराव पाटील, उच्चतर आर्थिक सिद्धांत, मंगेश प्रकाशन नागपूर

SEMESTER –I
Paper Code: ECO2303
MACRO ECONOMICS-1

OBJECTIVES

On account of the growing influence and involvement of the State in economic fields, Macro economics has become a major area of economic analysis in terms of theoretical, empirical as well as policy-making issues. Macro economics has an extensive, substantive as well as methodological content. It deals with the functioning of the economy as a whole, including how the economy's total output of goods and services and employment of resources is determined and what causes these totals to fluctuate. The canvass of the study is the whole rather than the part because what is true of parts is not necessarily true of the whole. The Paper entitled—Macro economics is designed to make an undergraduate student aware of the basic theoretical framework underlying the field of macro economics.

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| Unit 1 | <p>Introduction</p> <p>1.1 Accounting and behavioural relationships (Identities and equations)</p> <p>1.2 Time series and cross section analysis</p> <p>1.3 Ex-ante and Ex-post</p> <p>1.4 Equilibrium and disequilibrium</p> <p>1.5 Lag</p> <p>1.6 Economic Models</p> <p>1.7 Types of Macro Economics</p> <p>1.7.1 Macro Statics</p> <p>1.7.2 Comparative Macro Statics</p> <p>1.7.3 Macro Dynamics</p> <p>1.8 National Income</p> <p>1.8.1 National Income Aggregates-Gross and Net Concepts (GNP,GDP,NNP,NDP)</p> <p>1.8.2 Market Price and factor cost (GDP at Market price, NDP at Market price; GNP at factor cost, NNP at factor cost, NNP at Market price)</p> <p>1.8.3 Nominal and real GNP</p> <p>1.8.4 GNP Deflator</p> <p>1.8.5 Personal Income</p> <p>1.8.6 Disposable Income</p> <p>1.9 Circular flow of Income – Two sectors Model, Three sectors Model, four Sectors model</p> <p>1.10 Index Number- Meaning, Construction, Importance and Limitations.</p> | 12 |
| Unit 2 | <p>2. Output and Employment</p> <p>2.1 Say's Law of Market- Classical theory of employment, criticism by Keynes</p> <p>2.2 Keynesian Theory of Employment</p> <p>2.3 Consumption Function- Meaning, Psychological law of consumption,</p> | (12) |

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|--------|--|----|
| | APC, MPC, Factors influencing consumption function | |
| Unit 3 | 3. Saving and Investment 3.1 Saving- APS and MPS, Paradox of Saving 3.2 Investment- Meaning, Types, Gross and Net Investment, Autonomous and Induced investment 3.3 Investment Function- Concept and determinants 3.4 Derivation of IS Curve 3.5 Marginal Efficiency of Capital 3.6 Investment Multiplier- Concept and Limitations 3.7 Principle of Acceleration | 12 |
| Unit 4 | 4. Value of Money 4.1 Money- Definition and Functions 4.2 Quantity Theory of Money 4.3 Cash Balance Approach 4.4 Fridman's Approach 4.5 RBI's several money measures. 4.6 Derivation of LM Curve | 12 |

Basic Reading List

- 1) Ackey, G (1976) Macro Economics Theory and Policy, Macmillan Publishing Company, New York
- 2) Ahuja H. L. (2002) Macroeconomics Theory and Policy, Chand and Co. Ltd New Delhi.
- 3) D'souza Errol (2008) Macroeconomics : Person Publication, New Delhi.
Gupta S.B. (1994) Monetary Economics, S. Chand and Co. Delhi
- 4) Jingan M.L. (2002) Macro Economic Theory, Vrinda Publication, Delhi
Ackey, G (1976) Macro Economics Theory and Policy, Macmillan Publishing Company, New York
- 5) Ahuja H. L. (2002) Macroeconomics Theory and Policy, Chand and Co. Ltd New Delhi.
- 6) D'souza Errol (2008) Macroeconomics : Person Publication, New Delhi.
- 7) Gupta S.B. (1994) Monetary Economics, S. Chand and Co. Delhi
- 8) Jingan M.L. (2002) Macro Economic Theory, Vrinda Publication, Delhi
- 9) Vaish M. C. (2002) Macro Economic Theory, Vikas Publishing House, N. Delhi
- 10) Shapiro E (1996) Macro Economic Analysis; Galgotia Publication, New Delhi
- 11) Macroeconomics – Dornbush , Fischer
- 12) Macroeconomics - Mankiw
- 13) Macroeconomics – Ben Bernanke
- 14) Keynes, J.M. (1936), The General Theory of Employment, Interest and Money, Macmillan, London.
- 15) Kindleberger, C.P. (1958), Economic Development, McGraw-Hill Book Company, New York.
- 16) Lucas, R. (1981), Studies in Business Cycle Theory, MIT Press, Cambridge, Massachusetts.

ADDITIONAL READING LIST

- 1) Dillard, D. (1960), The Economics of John Maynard Keynes, Crossby Lockwood and Sons, London.
- 2) Day A.C.L. (1960) Outline of Monetary Economics, Oxford University Press, Oxford
- 3) Higgins, B. (1963), Economic Development: Principles, Problems and Policies, Central Book Depot, Allahbad.
- 4) Keynes, J.M. (1936), The General Theory of Employment, Interest and Money, Macmillan, London.
- 5) Kindleberger, C.P. (1958), Economic Development, McGraw-Hill Book Company, New York.
- 6) Lucas, R. (1981), Studies in Business Cycle Theory, MIT Press, Cambridge, Massachusetts.

SEMESTER II
Paper Code: (ECO2403)
Macro Economics – II

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| Unit 1 | Inflation and Deflation 1.1 Inflation- Meaning and Causes 1.2 Demand Pull and Cost Push Inflation 1.3 Consequences of Inflation 1.4 Deflation- Meaning, Causes and Consequences | (12) |
| Unit 2 | Business Cycles 2.1 Meaning and Features of Business Cycles 2.2 Phases of Business Cycles 2.3 Control of Business Cycles- Monetary and Fiscal Controls | (12) |
| Unit 3 | Post Keynesian Development 3.1 Elements of Monetarism 3.2 Stagflation 3.3 Philips Curve 3.4 New Policy Option- Market Policy, Income and Price Policy 3.5 Supply Side Economics- As a response to the Problems of Stagflation | (12) |
| Unit 4 | Macro Economic Objectives and Policies 4.1 Macro Economic Objectives- Economic Stability, Full Employment, Price Stability, External Equilibrium, Economic Growth 4.2 Macro Economic Policies-Concept Monetary Policy, Fiscal Policy, Foreign Trade Policy, | (12) |

READING LIST:

- 1) Ackey, G (1976) Macro Economics Theory and Policy, Macmillan Publishing Company, New York
- 2) Ahuja H. L. (2002) Macroeconomics Theory and Policy, Chand and Co. Ltd New Delhi.
- 3) D'souza Errol (2008) Macroeconomics : Person Publication, New Delhi.
- 4) Gupta S.B. (1994) Monetary Economics, S. Chand and Co. Delhi
- 5) Jingan M.L. (2002) Macro Economic Theory, Vrinda Publication, Delhi
- 6) Vaish M. C. (2002) Macro Economic Theory, Vikas Publishing House, N. Delhi
- 7) Shapiro E (1996) Macro Economic Analysis; Galgotia Publication, New Delhi
- 8) Macroeconomics – Dornbush , Fischer
- 9) Macroeconomics - Mankiw
- 10) Macroeconomics – Ben Bernanke
- 11) kdma, p`a datlr, p`a KoDkr va p`a]Xalr sqaUla Aqa-Xaas~] p` gatl bau@sa p`a ila. P`aqamavaRtl 2006
- 12) Da^ rajaoMd` rsaaL samaga`laxal Aaiqa-k ivaXlaoYaNa; sa@saosa p`kaXana

puNao 2007

13) Da^ZmaZoro esa\ vhl : sqaUla Aqa-Xaas~ DayamaMD piblakoXana puNao.
2009

ADDITIONAL READING LIST

- 1) Dillard, D. (1960), The Economics of John Maynard Keynes, Crosby Lockwood and Sons, London.
- 2) Day A.C.L. (1960) Outline of Monetary Economics, Oxford University Press, Oxford
- 3) Higgins, B. (1963), Economic Development: Principles, Problems and Policies, Central Book Depot, Allahbad.
- 4) Keynes, J.M. (1936), The General Theory of Employment, Interest and Money, Macmillan, London.
- 5) Kindleberger, C.P. (1958), Economic Development, McGraw-Hill Book Company, New York.
- 6) Lucas, R. (1981), Studies in Business Cycle Theory, MIT Press, Cambridge, Massachusetts.