

## Economic Theory (**Micro Economics-I**)

### **SEMESTER – I**

#### **Unit I : Introduction**

Meaning, nature, scope, significance and limitations of micro economics. Ceteris Paribus – use and significance. Concept and types of equilibrium: stable, unstable, static and dynamic equilibrium – partial equilibrium and general equilibrium, positive economics and normative economics, managerial economics. Basic concepts – wealth, welfare and scarcity. Basic tools of economics analysis (equations and functions, graphs and diagrams, slope and intercepts)

#### **Unit II: Consumers Behaviour and Demand**

Marshallian Approach: Equi-marginal utility, Law of demand- Determinants of demand. Elasticity of demand and its measurement: Price- Income- Cross and Promotional elasticity of demand. Consumer's Surplus.

Hicksian Approach: Indifference curves – properties of Indifference Curve, Consumer's Equilibrium, Price effect, Income effect and substitution effect - Derivation of demand from Price Consumption Curve (PCC) – Giffen's paradox. Samuelson Approach: Revealed Preference Theory.

#### **Unit III: Production and Cost Analysis**

Concept of production function: short run and long run - Cobb-Douglas production function. Isoquants - iso-cost line - producer's equilibrium. Law of variable proportion and Law of returns to scale - Economies of scale - Economies of scope.

Concepts of costs: Money and real cost, Opportunity cost, Social cost, Private cost- Derivation of short run and long run cost curves – Learning curve.

### **SEMESTER – II**

#### **Unit I : Theory of Firm:**

Concepts of revenue: Total Revenue, Average Revenue and Marginal Revenue – Relationship between TR, AR and MR under perfect and imperfect competition - AR, MR and elasticity. Objectives of a Firm–Analysis of Equilibrium of a firm: TC-TR Approach - MC-MR Approach – Break-Even Analysis

#### **Unit II : Market Structure:**

Perfect Competition: Features - Short-run Equilibrium of the Firm and Industry - Long Run Equilibrium of the Firm and Industry. Monopoly: Features - Short-run Equilibrium of the Monopolist under Different Cost Conditions and Long-run Equilibrium of the Monopolist - Discrimination Monopoly: Equilibrium under Discriminating Monopoly - Dumping.

Monopolistic Competition: Features, Equilibrium in the Short-run and Long-run –

Wastages under Monopolistic Competition – Oligopoly: Features of Oligopoly.

**Unit III : Pricing Methods and Capital Budgeting:**

Pricing Methods: Marginal Cost Pricing - Full Cost Pricing - Multi product pricing – Limit Pricing: Bain’s Model.

Meaning and importance of Capital Budgeting: Methods of Capital Budgeting: Pay Back Period [PBP]- Net Present Value [NPV].

## S.Y.B.A Paper –II

### Semester- III

#### Macro Economics

**Unit I :** Introduction:

Meaning and scope of Macro Economics - Concepts of National Income aggregates: GNP, NNP, GDP, NDP, Per Capita Income, Personal Income and Disposal Income - Methods and difficulties in Measurement of National Income - Circular flow of Income : closed (Two and Three sector Models) open economy models - Trade cycles : Features and phases

**Unit II :** Consumption, Investment and Employment

Say’s law of market - Theory of Effective demand – Consumption function - Investment function – Marginal Efficiency of Capital and rate of interest - Investment multiplier and Accelerator.

**Unit III:** Money and inflation:

Meaning and function of Money - Supply of money: Constituents – Determinants of money supply. Velocity of circulation of money - RBI’s approach to measurement of money supply (Liquidity measures).  
Demand for Money: Classical - Neo-classical - Keynesian- Friedman’s approaches.  
Inflation: Types – Causes – Effects – Measures to control inflation.

### SEMESTER–IV

**Unit I :** Banking in India

Commercial Banks: Functions - Multiple Credit Creation Process and its limitations - Performance of commercial banks since 1991.

Central Bank: Functions of RBI – Monetary policy: Objectives and Instruments – Narsimham Committee Report of 1998.

**Unit II : Financial Markets:**

Money Market: Components – Instruments - Features of Indian Money market.

Money market reforms in India since 1991.

Capital market: Role of capital market in economic development, Structure of capital market in India (Primary and Secondary markets), Mutual funds. Securities and Exchange Board of India (SEBI).

**Unit III : Public Finance:**

Nature and Scope of Public Finance - Sources of Public Revenue – Canons of taxation – Merits and demerits of direct and indirect taxes. Public Expenditure: Classification – Causes of growing public expenditure. Public debt: Types, Burdens of internal and external public debt – Concepts of deficit.

**INDIAN ECONOMY PAPER****SEMESTER- III****UNIT - I: Economic Growth (Pre and Post Reform Period)**

Changes in the growth of national income and per capita income – Changes in the sectoral composition of national income – changes in the occupational structure – Changes in the demographic features during 1951 – 2011 - India as an emerging economy in the world - Problem of poverty and income inequalities – Nature of unemployment – Causes of inflation – Policy measures to reduce poverty, income inequalities and inflation

**UNIT - II: Agriculture and the economy**

Changing Role of agriculture in the economy– Land reforms – New Agricultural Strategy – Trends in production and productivity – Rural credit and role of rural financial institutions – Agricultural Marketing – Agricultural price policy – WTO and agriculture – Issue of Food Security.

**UNIT - III: Secondary and Tertiary Sector**

Trends in industrial production and productivity during 1951 -91 – Industrial policy 1991 and changes in the industrial structure – Disinvestment policy – Significance of small scale industries – SSI Policy of the Government of India – Special Economic Zones – WTO and Industry - Service sector in the process of economic development - Contribution of services to GDP growth in India – Role of infrastructure in economic development

# **SEMESTER- IV**

## **UNIT - I: Financial System and the Economy**

Structure of the Indian financial system – Nationalisation of commercial banks – Performance of commercial banks in the pre-reform period – Banking Sector reforms 1991 and 1998 – Progress of scheduled commercial banks since 1991 – Measures of money supply and Liquidity - Constituents of the money market – Money market reforms – Monetary policy of the RBI – Growth of capital market since 1980 – Capital market reforms – Role of SEBI – Growth of insurance business in India – Role of IRDA

## **UNIT - II: Finances of the Government of India**

Union Government Budget – Appraisal of trends in revenue and expenditure in the pre and postreform period – Tax revenues of Government of India - Tax reforms and changes in tax policy since 1991 – Changes in the composition of expenditure of Government of India - Fiscal Deficits – Trends in internal and external liabilities of Government of India – Appraisal of Union Government transfer of financial resources to the States – Recommendations of The Thirteenth Finance Commission – Role of fiscal policy

## **UNIT - III: International Trade and Payments**

Appraisal of India's foreign trade and payments before 1991 – Analysis of trends in value, composition and direction of exports and imports since 1991- India's Balance of Payments since 1991 – Exchange rate policy and Rupee convertibility – Trends in capital flows since 2001