

UNIVERSITY OF MUMBAI

No.UG / 197 of 2009

CIRCULAR :-

A reference is invited to the Ordinances, Regulations and syllabi relating to the B.A./ B.Sc. degree courses vide this office Circular No.UG/229 of 2003 dated 4th June, 2003 and No. UG/300 of 1993 dated 27th July, 1993 respectively and Principals of the affiliated colleges in Arts and Professor-cum-Director, Institute of Distance Education are hereby informed that the recommendation made by the Board of Studies in Economics at its meeting held on 4th March, 2009 has been accepted by the Academic Council at its meeting held on 21st April, 2009 vide Item No.4.13 and that, in accordance therewith, the syllabus at the T.Y.B.A./S.Y.B.Sc. degree course in the subject of Economics is revised as per Appendix and that the same has been brought into force with effect from the academic year 2009-2010.

MUMBAI-400 032
5th June, 2009

PRIN K VENKATARAMANT
REGISTRAR

To,
The Principals of the affiliated colleges in Arts and Professor-cum-Director,
Institute of Distance Education.

A.C./4.13/21.04.2009

No.UG/ 197- A of 2009, MUMBAI-400 032 5th June, 2009

Copy forwarded with compliments for information to: -

- 1) The Dean, Faculty of Arts and Science.
- 2) The Chairman, Board of Studies in Economics.
- 3) The Controller of Examinations,
- 4) The Co-Ordinator, University Computerization Centre,

(D.H. KATE)

DEPUTY REGISTRAR
(U.G./P.G SECTION)

Copy to: -

The Director, Board of College and University Development, the Deputy Registrar (Eligibility and Migration Section), the Director of Students Welfare, the Executive Secretary to the Vice-Chancellor, the Pro-Vice-Chancellor, the Registrar and the Assistant Registrar, Administrative sub-center, Ratnagiri for information.

The Controller of Examinations (10 copies), the Finance and Accounts Officer (2 copies), Record Section (5 copies), Publications Section (5 copies), the Deputy Registrar, Enrolment, Eligibility and Migration Section (3 copies), the Deputy Registrar, Statistical Unit (2 copies), the Deputy Registrar (Accounts Section), Vidyanagari (2 copies), the Deputy Registrar, Affiliation Section (2 copies), the Director, Institute of Distance Education, (10 copies) the Director University Computer Center (IDE Building), Vidyanagari, (2 copies) the Deputy Registrar (Special Cell), the Deputy Registrar (PRO), the Assistant Registrar, Academic Authorities Unit (2 copies) and the Assistant Registrar, Executive Authorities Unit (2 copies). They are requested to treat this as action taken report on the concerned resolution adopted by the Academic Council referred to in the above Circular and that, no separate Action Taken Report will be sent in this connection. the Assistant Registrar Constituent Colleges Unit (2 copies), the Director, Centralize Computing Facility (1 copy), the



UNIVERSITY OF MUMBAI



**REVISED SYLLABUS
FOR THE
T.Y.B.A./S.Y.B.SC. COURSE
IN THE SUBJECT OF
ECONOMICS**

(with effect from the academic year 2009-2010.)

PREAMBLE

The Board of Studies in Economics has revised the syllabi of papers at the TYBA which will be made effective from the Academic Year 2009-10. The revised syllabi will also be effective for the relevant papers of S.Y.B.Sc. from the Academic Year 2009-10. In this revision, some of the existing optional papers have been replaced by new papers, and the total number of optional papers has been increased by adding altogether new papers.

All papers are of 100 marks. Of which, paper nos. IV, V, VII and VIII are 100 marks theory papers and the remaining papers viz. paper nos. VI and IX have theory of 80 marks and project work of 20 marks.

A broad overview of the structure, followed by the syllabi of individual papers, is given below:

T.Y.B.A. (ECONOMICS) PAPERS:

(Paper Nos IV, V and VI are also for S.Y.B. Sc.)

P.IV: ADVANCED ECONOMIC THEORY.

(Paper No. III for S.Y.B.Sc)

P.V: GROWTH AND DEVELOPMENT.

(Paper No. IV for S.Y.B.Sc)

P.VI: INDIAN FINANCIAL SYSTEM.

OR

INDUSTRIAL AND LABOUR ECONOMICS.

(In place of Industrial Relations in India)

OR

RURAL ECONOMICS.

(In place of Co-Operation: Principles and Practices)

OR

ECONOMICS OF INSURANCE.

(Paper No. V for S.Y.B.Sc)

P.VII: ELEMENTARY MATHEMATICS AND STATISTICS FOR ECONOMIC ANALYSIS..

OR

RESEARCH METHODOLOGY.

OR

ECONOMY OF MAHARASHTRA.

(In place of Economics of Rural Development)

P.VIII: INTRODUCTION TO ECONOMETRICS.

OR

EVOLUTION OF ECONOMIC IDEAS.

(In place of History of Economic Thoughts)

OR

INTERNATIONAL ECONOMICS: THEORY AND POLICY

(In place of International Policy and Practice)

OR

ECONOMICS OF GENDER AND DEVELOPMENT.

OR

REGIONAL ECONOMICS

(In place of Economic History of India)

P.IX: CORPORATE FINANCE.

(In place Financial Economics)

OR

EXPORT MANAGEMENT.

OR

ENVIRONMENTAL ECONOMICS.

OR

COMPUTER APPLICATIONS TO ECONOMIC ANALYSIS.

OR

ENTREPRENEURSHIP AND SMALL INDUSTRIES' MANAGEMENT

PAPER: IV
ADVANCED ECONOMIC THEORY
(Paper No. III for S.Y.B.Sc)

Preamble: The paper deals with four areas of economics: microeconomics, macroeconomics including open-economy macroeconomics, international trade theory and public economics. Section I is devoted to microeconomics and begins with the analysis of oligopolistic markets, since perfectly competitive and monopolistically competitive market forms have been dealt with in an earlier paper in the course. Areas like game theory and economics of information are sufficiently dealt with. Section II deals with aggregate demand and aggregate supply analysis and extends the IS-LM model to an open economy. There is also a module each on international trade theory and public economics.

SECTION - I

1. PRICE AND UNDER OLIGOPOLY: [14 lectures]
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: [12 lectures]
Factor Pricing in Perfectly and Imperfectly Competitive Markets. Economic Rent. Wage Determination under Collective Bargaining, Bilateral Monopoly. Loanable Funds Theory, Risk, Uncertainty and Profits.
3. GENERAL EQUILIBRIUM AND SOCIAL WELFARE: [12 lectures]
Interdependence in the economy, General Equilibrium and its existence. The Pareto Optimality Criterion of Social Welfare, Marginal Conditions for a Pareto Optimal Resource Allocation, Perfect Competition and Pareto Optimality.
4. ECONOMICS OF INFORMATION: [12 lectures]
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: [14 lectures]
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 IS- 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 [12 lectures]
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 adjustments: devaluation, reduction in absorption, direct controls. Currency crisis.
7. INTERNATIONAL TRADE: [12 lectures]
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 [12 lectures]
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.

References

1. Koutsoyannis, R. *Modern Microeconomics*, Macmillan, London
2. Salvatore, D. *Microeconomics: Theory and Applications*. New Delhi: Oxford University Press, 2006. [Modules 1-4]
3. Froyen, R. T. *Macroeconomics: Theories and Policies*, Delhi: Pearson Education Asia, 2001. [Module 5]
4. Mankiw, N. Gregory. *Macroeconomics*, 6e. New York: Worth Publishers, 2003. [Modules 5 & 6]
5. Mankiw, N. G. *Principles of Economics*, 6e. New York: Worth Publishers, 2003
6. Dornbusch, R., S. Fischer and R. Startz. *Macroeconomics*, 8e. New Delhi: Tata McGraw-Hill, 2004. [Module 6]
7. Dwivedi, D. N. *Principles of Economics*. New Delhi: Vikas Publishing House, 2008. [Module 7].
8. Musgrave R.A. and P.B. Musgrave: *Public Finance in Theory and Practice*, 5e. New York: McGraw Hill International Edition, 1989. [Module 8]
9. Stiglitz, J. *Economics of Public Sector*, 3e. New York: W.W. Norton & Co, 2000. [Module 8]
10. D'souza, E. (2008), *Macroeconomics*, Pearson Education, New Delhi.

PAPER V:
GROWTH AND DEVELOPMENT
(Paper No. IV for S.Y.B.Sc)

Preamble: The paper aims at introducing concepts, theories and policies regarding growth and development. The meaning of development as it has evolved over the years is clarified. The contemporary as well as classic theories of growth, development and underdevelopment are considered in detail. Theories and issues related to population, poverty and human resources are considered. Urban and rural aspects of the development process are studied and so too are the international aspects of development. The approach has been to cover all important areas of development economics. The paper should be taught with reference to Indian economic conditions.

Section I.

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. 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. Contemporary Models of Development and Underdevelopment (10 lectures)
Theories of endogenous growth with special reference to Romer's model, underdevelopment as coordination failure, multiple equilibria, the big push theory and Lebenscence Theory of Critical Minimum Efforts.
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 - Kuznet's inverted U hypothesis, impact of inequality on development.

Section II.

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. Urbanization and Informal Sector (12lectures)
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. Agricultural Transformation and Rural Development (10 lectures)
Role of agriculture in economic development, rural credit markets: organised and unorganised, policies for rural development, agriculture and the WTO.
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 programmes.

References:

1. Todaro, Michael P. and Stephen C. Smith. *Economic Development*, 8e. Delhi: Pearson Education, 2003.
2. Misra, S.K. and Puri. *Growth and Development*. Mumbai: Himalaya Publishers, 2005.
3. Thirlwall, A.P. *Growth and Development* 8e. New York: Palgrave MacMillan, 2005.
4. Meier, Gerald M. and James E. Rauch. *Leading Issues in Economic Development*, 8e. New Delhi: Oxford Univ. Press,

Paper VI
(THEORY 80 MARKS AND PROJECT 20 MARKS)

(Paper No. V for S.Y.B.Sc and It is 100 marks theory paper)

INDIAN FINANCIAL SYSTEM
OR
INDUSTRIAL AND LABOUR ECONOMICS
(In place of Industrial Relations in India)
OR
RURAL ECONOMICS.
(In place of Co-Operation: Principles and Practices)
OR
ECONOMICS OF INSURANCE.

INDIAN FINANCIAL SYSTEM

Preamble: The post globalised period has brought about remarkable changes in the financial sector. The purpose of this paper is to acquaint students with the working of the system and the recent changes that have taken place. The operations of both the Central Bank and commercial banks in an open economy, had to be reassessed. The opening of the financial markets and the evolution of new instruments should also be an important constituent of the paper. It was also necessary that financial services be discussed separately as a topic.

1. OVERVIEW OF THE INDIAN FINANCIAL SYSTEM (15 lectures)

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 (15 lectures)

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

(15 lectures)

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 IPOs; 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

(10 lectures)

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

(10 lectures)

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

(10 lectures)

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 the financial system: RBI, SEBI, and IRDA.

REFERENCES

- 1) Pathak Bharati (2008): The Indian Financial System -Markets, Institutions, and Services, Second Edition.Pearson education
- 2) Bhole L. M. (2008): Financial Institutions and Markets, Growth and Innovation, Tata McGraw-Hill, New Delhi.

- 3) Bodie, Z. et. el. (2009), Financial Economics, Pearson Education, New Delhi.
- 4) Paul, J. and P. Suresh (2008), Management of Banking and Financial Services, Pearson Education, Delhi.
- 5) Khan, M.Y. (2007): Financial Services, Tata McGraw Hill, New Delhi.
- 6) Hull John (2002): Introduction to Futures and Options Market, Prentice Hall of India, New Delhi.
- 7) World Bank (2001): Developing Government Bond Market-A Handbook
- 8) Reserve Bank of India (various issues) Report on Currency and Finance, RBI, Mumbai.
- 9) Reserve Bank of India (1997))Occasional Papers, Vol. 18, Nos. 2 & 3, RBI, Mumbai.

RURAL ECONOMICS.

Preamble: The place of rural economics in the overall economic literature is unique in the context of the Indian economy. The development programmes in India are centered around the rural area. The paper is intended to highlight the working and significance of the rural economy along with the institutional involvement in implementing the government programmes. Agriculture, allied sectors, the non-farm sector and Co-operative movement is the thrust area of the paper.

1. FEATURES OF RURAL ECONOMY: (12 Lectures)
Characteristics and composition of rural economy - Linkages of farm and non-farm sector - Indicators of rural development - Agripreneurship and agribusiness - Diversification of Rural Economy: Agriculture and allied activities (fisheries, horticulture, floriculture); Forestry in India.

2. THEORETICAL PERSPECTIVES: (12 Lectures)
Sectoral overview of development - Fei-Ranis model, Kuznet curve, HDI, HPI - Spread and Backwash Effects - Dualism - Regional Imbalance - Balanced and Unbalanced Growth.

3. INDIA'S AGRICULTURAL ECONOMY: (15 Lectures)
Role and Importance of Agriculture in Economic Development - Trends in Agricultural growth and Agricultural Productivity - Agricultural Instability and Agricultural Pricing Policy - New Agricultural Strategy - Sustainable Agriculture- Emerging Trends in Agricultural Technology: Dry Land Farming, Use of Bio-technology techniques.

4. RURAL INDUSTRIALISATION: (12 Lectures)
Rural Industrialisation: Agro industries, Agro-based industries, Food processing industries: Dairy, Sugar and Cotton Textiles. Role and Significance of District Industries Centres (DICs), Confederation of Indian Industries (CII), Federation of Indian Chamber of Commerce and Industries (FICCI), Asscham and Small and Medium Enterprises (SMEs).

5. RURAL INFRASTRUCTURE: (12 Lectures)
Role and significance in Rural Development of : Rural Electrification - Irrigation - Transport and Communications - Markets - Education - Health - Sanitation - PURA (Provision of Urban amenities in Rural Areas).

6. INSTITUTIONS FOR RURAL DEVELOPMENT:

Co-operative Movement - National Cooperative Development Corporation -
NGOs - Regional Rural Banks (RRBs)- NABARD - SIDBI - Microfinance and Self
Help Group (SHGs) . (12 Lectures)

REFERENCES:

- Bardhan P. (1984), Land, Labour and Rural Poverty, Oxford University Press, New Delhi.
- Bilgram S. A. R. (1996), Agricultural Economics, Himalaya Publishing House, New Delhi.
- Chadha G. K. and A. N. Sharma (1977), Growth, Employment and Poverty: Change and Continuity in Rural India, Vikas Publication, New Delhi.
- Dantwala M. L. et.al. (1991), Indian Agricultural Development Since Independence, Oxford & IBH, New Delhi.
- Government of India (1976), Report of the National Commission on Agriculture, New Delhi.
- Gulati A and T. Kelly (1999), Trade Liberalization and Indian Agriculture, Oxford University Press, New Delhi.
- Memoria, C.B. (recent edition) Agricultural Problem of India, Kitab Mahal, New Delhi.
- Popala T. S. (1982), Rural Industrialisation in India, Himalaya Publishing House, Bombay.
- Rao C. H. Hanumantha (1994), Agricultural Growth, Rural Poverty and Environmental Degradation in India, Oxford University Press, New Delhi.
- Rao C. H. Hinumantha (1975), Agricultural Growth, Rural Poverty and Environmental Degradation in India, Oxford University press, New Delhi.
- Visana P. and R. Basant (1994), Non-Agriculture Employment in India: Trend and Prospects, Sage Publication, New Delhi.
- Wanmali S. and C. Ramesamy (Eds) (1995), Developing Rural Infrastrure, Macmillan, New Delhi.

PAPER-VI:
INDUSTRIAL AND LABOUR ECONOMICS

Preamble: This paper intends to provide knowledge about the study of Industrial Development and Industrial Relations in India. The issues pertaining to the labour market, wage theories, employment policies, trade unions and collective bargaining in a globalize economy have become vitally important for developing countries. This paper exposes students to theoretical as well as empirical issues relating to industrial development and the labour market with special reference to India.

SECTION: I.

1. INTRODUCTION

(Lectures 10)

Nature and Scope of Industrial Economics;; Problems in Industrial Economics; A framework of Industrial Economics - Concept and Organization of a firm - Forms and characteristics of industrial organization: Sole proprietorship, Partnership, Joint Stock Company, Co-operative sector and MNCs.

2. LOCATION AND DISPERSION THEORIES

(Lectures 15)

Location Theory: Basic Elements of Location Decisions; Location Models - Theories of industrial location: Weber, Sargent and Florence Theories - Factors affecting industrial location - Constraints on growth - Factors affecting industrial productivity and capacity utilization ; Diversification; Integration and merger of industrial units; Dispersion and problem of regional imbalance.

3. INDUSTRIAL PRODUCTIVITY AND INDUSTRIAL DEVELOPMENT IN INDIA:

(Lectures 10)

Concept and measurement of productivity - Productivity in Indian industries; Meaning, causes and measures of Industrial sickness - Changing structure of the Indian industry since Independence; Role of state with special reference to MRTP Act; Industrial Policies and economic reforms; industrial growth and pattern; Impact of WTO on Indian industry.

SECTION II:

4. LABOUR MARKET AND WAGE DETERMINATION:

(Lectures 15)

Nature and characteristics of labour markets in developing countries like India; Labour market policies; Methods of Recruitment and Placement; Employment

Service organization in India - Impact of Rationalization, Technological Change and Modernization on Employment in Organized Private Industry and Public Sector.

Classical, neo-classical and bargaining theories of wage determination; Concept of minimum wage, living wage and fair wage in theory and practice; Discrimination in labour markets; -Analysis of rigidity in labour markets; National wage policy.

INDUSTRIAL RELATIONS:

(Lectures 10)

Theories of Labour Movement - Growth pattern and structure of labour unions in India; Causes of industrial disputes and their settlement and prevention mechanism; Role of tripartism; Labour legislation in India.

STATE AND LABOUR:

(Lectures 10)

State and social security of labour - Concept of social security and its evolution, Social assistance and social insurance; Review and appraisal of state policies with respect to social security and labour welfare in India; Special problems of labour: Child labour, female labour, Discrimination and gender bias in treatment of labour; Labour Market reforms - Exit policy, need for safety nets; Second National Commission on Labour; Globalization and labour markets.

References:

1. Barthwal, R. R. (1985), Industrial Economics, Wiley Eastern Ltd., New Delhi.
2. Desai, B. (1999), Industrial Economy in India, Himalaya Publishing House, Mumbai.
3. Hay, D. and D.J. Morris (1979), Industrial Economics: Theory and Evidence. Oxford University Press, New Delhi.
4. Kuchhal, S.C. (1980). Industrial Economy of India, Chaitanya Publishing Houses, Allahabad.
5. Singh, A and AN. Sadhu (1988) Industrial Economics, Himalaya Publishing House, Bombay.
6. Jalan, B. (1996), India's Economic Policy, Viking, New Delhi.
7. Sandesara, J. C. (1992), Industrial Policy and Planning - 1947-1991 : Tendencies, Interrelations and Issues; Sage Publications India Pvt. Ltd., New Delhi.
8. Sen, A. and B. Chatterjee (2001), Indian Economy : Agenda for the 21st Century (Essays in honour of Professor P. A. Brahmananda), Deep and Deep Publications Pvt. Ltd., New Delhi.
9. Hajela, P. D. (1998), Labour Restructuring in India : A Critique of the New Economic Policies, Commonwealth Publishers, New Delhi.
10. Jhabvala, R. and R. K. Subrahmanya (Eds.) (2000), The Unorganised Sector : Work Security and Social Protection; Sage Publications, New Delhi.

11. McConnell, C. R. and S. L. Brue (1986), Contemporary Labour Economics, McGraw-Hill, New York.
12. Papola, T. S., P. P. Ghosh and A. N. Sharma (Eds.) (1993), Labour, employment and Industrial Relations in India, B. R. Publishing Corporation, New Delhi.
13. Venkata Ratnam, C. S. (2001), Globalization and Labour-Management Relations : Dynamics of Change, Sage Publications/Response Books, New Delhi.

ECONOMICS OF INSURANCE

Preamble: To reduce uncertainty and risk in our economic life, an insurance plays an important role. Its role in mobilizing country's saving and canalizing them into capital formation and thereby contribute to economic development of a country is well known. In India, insurance industry is an important constituent of financial services industry and is a major investment institution and prominent player in the capital market. With opening of the insurance business for the private sector, the interest in the subject has increased. This paper on Economics of Insurance attempts to give a fairly comprehensive view of the subject to the undergraduate students in Economics.

1: INTRODUCTION

[12 lectures]

Definition of Insurance; Purpose and need of insurance; insurance as a social security tool; Risk pooling and risk transfer, Social Vs private insurance; Life Vs non-life insurance.

2: RISK AND RISK MANAGEMENT

[15 lectures]

Fundamentals of uncertainty and risk; pure risk and speculative risk; Expected utility and decision-making under uncertainty; Expected utility and the demand for insurance; Moral hazard and insurance demand; concept of risk management; Essentials of risk management; Elements of risk management—Risk assessment; Risk control and risk financing. Concept, fundamentals and Types of reinsurance.

3: INSURANCE AND ECONOMIC DEVELOPMENT

[12 lectures]

Risk management and insurance in economic development, insurance institutions as financial intermediaries; insurance institutions as investment institutions; insurance institutions in Indian capital market.

4: ESSENTIALS OF LIFE AND HEALTH INSURANCE

[12 lectures]

Fundamentals of life and health insurance; Functions of life and health insurance; Mathematical basis of life insurance. Selection and Classification of risks; Basics of premium construction; Principles of underwriting of life and health insurance.

5: ESSENTIALS OF GENERAL INSURANCE

[12 lectures]

Definition of general insurance; Types of general insurance; importance of general insurance; importance of general insurance in a country's economic

development; Physical hazard, Moral hazard; Marketing of general insurance; Technology development and general insurance.

6: REGULATION INSURANCE

[12 lectures]

Regulation of insurance; Purpose of government intervention in markets; Theories of regulation; Insurance business in India and its regulation; Insurance Regulation and Development Act (IRDA).

BASIC READING LIST

- Bailey, R. (Ed.) (1999), Underwriting in Life and Insurance, Loma, Atlanta, Ga.
- Black, K and J. Skipper (2000), Life and Health Insurance, Prentice Hall, New Jersey.
- Bhole, L.M. (2008), The Indian Financial System, Tata McGraw Hill, New Delhi.
- Bickelhaupt, D.L. (1992), General Insurance, Irwin Inc., Burr Ridge, Ill.
- Head, G.L. AND S. Horn II (1991), Essentials of Risk Management, Management Volume I, Insurance Institute of America, Malvern.
- Dionne, G. and S. E. Harrington (Eds.) (1997), Foundations of Insurance Economics, Kluwer Academic Publishers, Boston.
- Finsinger, J. and M. Pauly (Eds) (1986), The Economics of Insurance Regulation: A Cross National Study, Macmillan, London.
- Gupta, O. S: Life Insurance. Frank Broncos, New Delhi.
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- Pathak, B. (2008), Indian Financial System, Pearson Education, New Delhi.
- Pteffer, I. And D.R. Klock (1974), Perspectives on Insurance, Prentice Hall Inc., Englewood, Cliffs.

PAPER VII

ELEMENTARY MATHEMATICS AND STATISTICS
FOR ECONOMIC ANALYSIS

OR

RESEARCH METHODOLOGY

OR

ECONOMY OF MAHARASHTRA

(In place of Rural Development)

ELEMENTARY MATHEMATICS AND STATISTICS
FOR ECONOMIC ANALYSIS

Preamble: The increased application of quantitative methods to the problems of economics, makes the study of mathematics and statistics for a student of economics absolutely essential. The main aim of this syllabus, is to equip the students with tools, to be able to think analytically about problems and to solve them using these techniques.

SECTION --I

Module 1: Derivatives and their applications

(12 lectures)

- Limits and continuity
- Derivatives
- Higher order derivatives
- Increasing and decreasing functions
- Concave, convex functions and inflexion point
- Optimisation of economic functions

Module 2: Multivariate functions lectures

(14 lectures)

- Functions of several variables and partial derivatives
- Second order partial derivatives
- Optimisation of multi variable functions
- Constrained optimisation with Lagrange multipliers
- Total derivatives
- Marginal productivity, income and cross- price elasticities of demand
- Homogeneous production functions and returns to scale
- Optimisation of the Cobb-Douglas production function

Module 3: Integral Calculus:

- Integration
- Economic applications
- Definite integral
- Present value of cash flows
- Consumer's and producer's surplus
- Learning curve

(10 lectures)

Module 4: Linear Algebra:

(14)

- Matrices and basic operations on matrices
- Rank of a matrix
- Inverse of a matrix
- Cramer's rule
- Characteristics roots and vectors (eigen values and eigen vectors)
- Linear programming problem

SECTION --II

Module 5: Measures of Central Tendency and Dispersion:

(14 lectures)

- Arithmetic Mean, median and mode,
- Concepts of Range, quartile deviation, mean deviation; Standard deviation coefficient of variation
- Commercial statistics:-brokerage and commission, insurance.

Module 6: Correlation and Regression:

(12 lectures)

- Karl Pearson's correlation coefficient
- Spearman's correlation coefficient
- Method of least squares and regression lines
- Regression coefficients

Module 7: Index Numbers and Time Series :

(10 lectures)

- Simple and composite index numbers
- Construction and uses of index numbers
- Laspeyres's, Paasche's
- and Fischer's Index numbers
- Cost of living index numbers-real income - wholesale price index number
- Splicing of index numbers
- Components of time series
- Estimation and forecasting of trend by least squares method

Module 8: Elementary Probability Theory:

(14 lectures)

- Sample space and events
- Mutually exclusive, exhaustive and complimentary events
- Conditional probability
- Theorems on addition and multiplication of probabilities
- Problems on calculating probability
- Binomial probability distribution
- Normal distribution

References

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2. Lerner Joel J and P.Zima : Theory and Problems of Business Mathematics, McGraw -Hill, New York, 1988.
3. Dowling Edward T: Theory and Problems of Mathematical Methods for Business and Economics, Schaum's Outline Series, McGraw- Hill, Singapore, 1986.
4. Gupta S.P. : Statistical Methods, S. Chand, New Delhi, 2008
5. Sancheti, D.C and V.K.Kapoor : Statistics : Theory, Methods and Application, Sultan Chand & Sons, New Delhi, 2007
6. Spiegel, Murray R and L. J. Stephens: Theory and Problems of Statistics, Schaum's Outline Series, McGraw -Hill, Singapore, 1999.

OR
RESEARCH METHODOLOGY

Preamble: Today, research is of immense importance in every field of life. Hence students need sound initiation in the world of research. Thus this syllabus is prepared to equip students with basics of research methodology and also provide them acquaintance with the main ingredients of major sources secondary data on Economics, some hands-on experience in conduct of survey including designing questionnaire and interview schedules, collection of data, analysis of data and preparation of report.

Section I

Module 1 : Introduction

(12 lectures)

- 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
(10 lectures)

- 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

(14 lectures)

- 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 (14 lectures)

- 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 (16 lectures)

- Correlation: Scatter diagram, Pearson's and Spearman's .
- Two variable linear regression analysis : Principle 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 (16 lectures)

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

Module 7 : Hypothesis :Nature and Role in Research

(8 lectures)

- 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

(10 lectures)

- Meaning and significance of a Research Report
- Types of Research Report : Technical, Popular, Interim, 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

References :

1. Krishnaswamy ,O.R. Methodology of Research In Social Sciences ,Himalaya Publishing House ,1993.
2. Wilkinson and Bhandarkar Methodology and Techniques of Social Research, Himalaya Publishing House.
- 3.Kothari R.C. Research Methodology ,Methods and Techniques,New Age International Publishers,IIInd revised edition ,reprint 2008.
4. Les Oakshott Essential Quantitative Methods for Business Management and Finance,Palgrave.
5. Cooper D.and Schindler P. Business Research Methods ,Tata McGraw Hill.
6. Sancheti D.C.and Kapoor V.K. Statistics : Theory,Methods and Applications Sultan Chand & Sons.
7. Don E.Ehridge Research Methodology in Applied Economics: Organizing ,Planning and Conducting Economics Research ,John Wiley and sons, April 2004
- 8.Gopal M.H. An Introduction to Research Procedure in Social Sciences, Asia Publishing House,1970
9. Young P.V. Scientific Social Survey and Research, Prentice Hall of India Ltd,N.Delhi,1984

OR
ECONOMY OF MAHARASHTRA

Preamble: This paper intends to acquaint the students with various dimensions of the economy of Maharashtra including its natural resources, population, agriculture industry and infrastructure development. An Understanding of these dimensions of the economy of Maharashtra will certainly help the students to know the problems faced by the economy of the state and efforts taken by the Government to tackle the same.

Section I

1: Maharashtra's Economy – An Overview (14 lectures)

- Natural Resources: land, forest, water, fisheries, mineral resources – major problems: environmental degradation – policy measures – Structural changes in State Domestic Product since 1960 – Important trends in PCI, sectoral distribution Of income – Rural urban divide in development – Regional Disparities in development: Indicators, Causes and Measures – Maharashtra's place in India in various economic indicators.

2. Demographics. (12 lectures)

Features of population – Population Policy – Trends in Migration – Urbanization – Problems with special reference to Mumbai and other major cities – Unemployment problem – Employment Guarantee Scheme – indicators of poverty – Human Development Index – Anti poverty measures –

3: Agriculture. (12 lectures)

Nature and significance – Trends in land and labour productivity– Cropping Pattern – Land Reforms – New Agricultural Strategy and Green Revolution – Rural Credit – Agricultural Marketing – Role and significance of cooperatives – Agrarian crisis – Government support to agriculture – Role of MAFCO and APMC – Role of Horticulture, Food-Processing Industry.

4: Industry. (12 lectures)

Industrial development since 1960 – Industrial Policy of 2006 – Major Manufacturing Industries: Textiles, Chemicals, Pharmaceuticals, Engineering and Automobiles – Role of private sector – Significance of Small and Medium Enterprises (SMEs) – Government Policy towards SMEs -- Public Sector Enterprises and scope for disinvestment policy – Role of MIDC, SICOM, MSFC in Industrial Development – Trends in domestic and foreign investment in Maharashtra.

Section II

5: Labour Market.

(12 lectures)

Features of agricultural, industrial and tertiary labour markets - Labour Force participation - Labour Market Segmentation - Emerging trends - Patterns and constraints - Industrial disputes - Trade unions - Textile Mill Workers Strike in Mumbai - Rehabilitation of mill workers in Mumbai - Labour welfare.

6: Physical and Social Infrastructure.

(12 lectures)

Importance of infrastructure in economic development - Sources of Energy - Power generation - power crisis - Development of roads, ports, Civil aviation, water and irrigation projects - urban infrastructure - Housing, Health and Education - Education and enterprise linkage skill development - Private investment in infrastructure

7: Services.

(12 lectures)

Construction and Housing - Banking, Finance and Insurance - IT and BT - Travel, Tourism and Hospitality - Media and Entertainment - Mumbai as International hub.

8: Government Finance.

(14 lectures)

Budget and the economy of the state - Trends in Revenues, Expenditures and Deficits - Developmental and non-developmental expenditures - Comparison With rest India - Finance Commissions and Financial Transfers - Changing Role of state - Privatization and Liberalization

References .

1. Mungekar B (ed), The Economy of Maharashtra: Changing Structure and Emerging Issues, Dr. Ambedkar Institute of Social & Economic Change, Mumbai, 2003.
2. Sthanumoorthy R (ed), Maharashtra Economy: performance, Opportunities and Challenges, ICFAI university Press, Hyderabad, 2006.
3. World Bank (2002), India - Maharashtra: Reorienting Government to Facilitate Growth and Reduce Poverty.
4. Planning Commission of India (2002), Human Development Report of Maharashtra
5. Government of Maharashtra - Economic Survey of Maharashtra various issues.
6. Maharashtra Economic Development Council: Economic Escort to Maharashtra, August, 2008.
7. CSO / NSS Publications

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PAPER VIII
INTRODUCTION TO ECONOMETRICS.
OR
EVOLUTION OF ECONOMIC IDEAS.
(In place of History of Economic Thoughts)
OR
INTERNATIONAL ECONOMICS: THEORY AND POLICY
(In place of International Policy and Practice)
OR
ECONOMICS OF GENDER AND DEVELOPMENT.
OR
REGIONAL ECONOMICS
(In place of Economic History of India)

INTRODUCTION TO ECONOMETRICS

Preamble: The objective of this course is to impart a basic understanding of econometrics. The student will be able to appreciate the theoretical basis of the subject. At the same time, it will enhance the student's ability to apply the theoretical techniques to the problems of the real world. Topics like forecasting have been introduced to impart this practical orientation.

Section I

Module 1: Idea of a random variable (lectures:10)

- Concept of a random variable: Discrete and continuous
- Expected values of a random variable
- Variance of a random variable
- Discrete random variables: Bernoulli, Binomial, Poisson
- Continuous random variables: The normal distribution

Module 2: Jointly distributed Random variables (lectures: 12)

- Joint and marginal distributions for bivariate random variables
- Conditional probability
- Conditional mean and variance
- Covariance
- Correlation
- Central limit theorem (without proof)

Module 3 Statistical Inference (lectures:16)

- Point and interval estimation
- The Z distribution

- The Null and Alternate hypotheses and significance testing for mean using Z distribution when population variance is known
- The chi-square distribution and testing for sample variance with known population variance
- The F distribution and comparing sample variances
- The t distribution and hypothesis tests when population variance is unknown

Module 4: Regression Analysis

(lectures: 16)

- Two variable regression model
- The concept of the PRF
- Classical assumptions of regression
- Derivation of the OLS estimators and their variance
- Properties of OLS estimators under classical assumptions, Gauss-Markov Theorem (without proof)
- Tests of Hypothesis, confidence intervals for OLS estimators
- Measures of goodness of fit: R square and its limitations, adjusted R square and its limitations

Section II

Module 5 : Econometric Model Specification

(lectures: 10)

- Identification: Structural and reduced form
- Omitted Variables Bias
- Misspecification and Ramsay RESET Specification test
- Endogeneity and Bias

Module 6: Failure of Classical Assumptions

(lectures 10)

- Multi-collinearity and its implications
- Auto-correlation: Consequences and Durbin-Watson test
- Heteroskedasticity: Consequences and the Goldfeld - Quandt test

Module 7: Forecasting

(lectures 14)

- Forecasting with a) moving averages b) linear trend c) exponential trend- CAGR
- Forecasting with linear regression
- Classical time series decomposition
- Measures of forecast performance: Mean square error and root mean square error
- Limitations of econometric forecasts

Module 8: Linear Programming

(lectures 14)

- Linear programming
- Dual of a linear programming problem
- Simplex method
- Transportation

References:

1. Lipschutz (Schaum Series) Theory and Problems of Statistics
2. Gujarati Damodar : Basic Econometrics
3. Loomba Paul : An Introduction to linear programming

OR
EVOLUTION OF ECONOMIC IDEAS
(In place of History of Economic Thought)

Preamble: The history of economic thought deals with different thinkers and theories in the field of economics from ancient medieval world to the present day. The history of economic thought is as old as human thought itself. It clearly demonstrates the continuous development of economic ideas from the very early times of civilization to the present day. Changes in economic thought have always accompanied changes in the economy and economic policy. The revised course attempts to cover different phases in the evolution of economic ideas including the contribution of liberal economic thinkers in the neo-liberalist phase.

SECTION I

1. Pre - Classical School (Lectures 5)

General outline of Mercantilist theories - Physiocracy : Basic principles and policies : natural order, tableau economique.

2. Classical Political Economy (Lectures 20)

Origin of Classicism :

Adam Smith : division of labour, Theory of Value, Economic Development - David Ricardo : Theory of value, Theory of Distribution, Doctrine of Rent, , Views on International Trade, Theory of Economic Development and the Stationary State, Critique by Sraffa - T.R. Malthus: Theory of Population and Theory of Gluts - Critics of Classicism: Karl Marx: Materialistic Interpretation of history, Labour Theory of Value and Surplus Value - F. List - Historical Critics.

3. Reconstruction of Economic Science (Lectures 15)

Jevons, Menger, Walras, E.Bohm Bawerk, Wicksell, Fisher

4. Neo-Classical School (Lectures 10)

Marshall: Consumers' Surplus, Tax bounty analysis, External Economies, Quasi-Rent, Role of time element in value - Pigou: Welfare Economics

SECTION II

5. American Economic Thought

Institutionalism: Veblen - Theory of the leisure class - Commons -
Frank Knight : Theory of Profit - Risk and Uncertainty (Lectures 5)

6. New Economics

Schumpeter : Vision of Development and the demise of Capitalism -
Keynesianism : Principle of Effective demand, consumption function,
multiplier, investment function, liquidity preference theory of
interest, role of fiscal policy, uncertainty and role of expectations. (Lectures 12)

7. Post Keynesian Developments:

Hayek - Supply side economics (Lectures 21)
Evans - Monetarism : Milton Friedman' Don Patinkin - An overview of
the new classical economics: Raxex-JF Muth, Robert Lucas, Sargent
and Wallace

8. Nobel Prize Winners in Economics.

Myrdal (1974), A.K.Sen (1998), Joseph Stiglitz(2001), Paul Krugman
(2008) (Lectures 12)

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7. Gill Richard: (1972) Evolution of Modern Economics, Prentice Hall of India
8. Hunt E.K : (1990) History of Economic Thought, Wodsworth
9. Morgan M. S. (1990), A History of Economic Ideas, Cambridge Univ Press. U.K
10. Oser Jacob, and S. Brue (1988) The Evolution of Economic Thought, Harcourt, NY
11. Puttaswamaiah K. (1995) : Nobel Economists - Lives and Contributions, Indus Publ Co., New Delhi
12. Roll, Eric : (1973) A History of Economic Thought, Faber, London
13. Seligman B.S: (1962), Main Currents In Modern Economics, Quadrangle, Chicago

14. Serepanti E, and Zamagui Stefano: An Outline of Economic Thought, OUP
15. Seshadri G.B:(1997),Economic Doctrines,B.R Publ Corp., New Delhi
16. Spiegel H.W. (1971) The Growth of Economic Thought, N.C .Duke Univ,Durham
17. Vohra P. and R. Mehta: Encyclopaedia of World Great Economists, Commonwealth