

**SIES College of Arts, Science &
Commerce(Autonomous)Sion (W), Mumbai
– 400022**

Faculty: Commerce

Programme: B.Com

Subject: Business Economics

Academic Year: 2018-19

F.Y.B.Com, S.Y.B.Com & T.Y.B.Com

**Credit based Semester and Grading System syllabi
approved by the Board of Studies in Economics to be
brought into effect from June 2018**

F.Y.B.Com Semester I

Name of the subject: Business Economics Paper I

Title of the paper: Micro Economics – Basic Concepts

Paper Code: SIUCBEC11

Number of Credits: 3

Total No. of Lectures: 45

Objective - This paper provides an overall introduction to economics as dealing with the problems of allocation of scarce resources in optimum manner. It aims to build a familiarity with the basic tools of consumer and producer theory, the operation of markets and optimisation in an economic context. In order to explain economic issues and solutions in a practical manner, the concepts are to be discussed with case studies and numerical problems wherever applicable.

Unit I - Introduction

(10 lectures)

Scope and Importance of Business Economics - basic tools- Opportunity Cost principle- Incremental and Marginal Concepts. Basic economic relations - functional relations: equations- Total, Average and Marginal relations- Use of Marginal analysis in decision making. The basics of market demand, market supply and equilibrium price- shifts in the demand and supply curves and equilibrium

Unit II - Demand Analysis

(15 lectures)

Demand Function - nature of demand curve under different markets - Meaning, significance, types and measurement of elasticity of demand (Price, income cross and promotional) - relationship between price elasticity of demand and revenue concepts - Demand Estimation and forecasting: Meaning and significance - methods of demand

estimation- survey and statistical methods (numerical examples on trend analysis and simple linear regression)

Unit III - Supply and Production Decisions

(10 lectures)

Production function: short run analysis with Law of Variable Proportions- Production function with two variable inputs- isoquants, ridge lines and least cost combination of inputs - Long run production function and Laws of Returns to Scale - expansion path – Economies and diseconomies of Scale and economies of scope

Unit IV - Cost of Production

(10 lectures)

Cost concepts: accounting cost and economic cost, implicit and explicit cost, social and private cost, historical cost and replacement cost, sunk cost and incremental cost -fixed and variable cost - total, average and marginal cost - Cost Output Relationship in the Short Run and Long Run- (hypothetical numerical problems to be discussed) -Extension of cost analysis: Cost reduction through experience- LAC and Learning curve and Break Even Analysis (with business application).

References:

1. Ahuja, H. L. (2007). *Business Economics*. New Delhi: S. Chand & Company Ltd.
2. Ahuja, H. L. (2016). *Principles of Microeconomics*. New Delhi: S.Chand &Company Ltd.
3. M.Hirchey. (2003). *Managerial Economics*. New Delhi: Thomson South Western.
4. Mehta, P. (2000). *Managerial Economics - Analysis, Problem and Cases*. New Delhi: S.Chand & Sons.
5. Salvatore, D. (2001). *Managerial Economics in a Global Economy*. Singapore: Thomson South Western.
6. V.K.Puri. (2017). *Business Economics*. Mumbai: Himalaya Publishing House

F.Y B.Com Semester II

Name of the subject: Business Economics Paper I

Title of the paper: Microeconomics – Markets & Pricing

Paper Code: SIUCBEC21

Number of Credits: 3

Total No. of Lectures: 45

Objective - This paper provides an overall introduction to economics by taking the discussions in the first semester further ahead. It aims to build a familiarity with the various types of markets and the equilibrium price-output determination in each of them. The paper also attempts to familiarize the student with the various pricing methods and introduces the concept of capital budgeting.

Unit I - Market Structure: Perfect Competition and Monopoly (10 lectures)

Perfect competition and Monopoly models as two extreme cases - profit maximisation and the competitive firm's supply curve - Short run and long run equilibrium of a firm and of industry - Monopoly - Sources of monopoly power – short run and long run equilibrium of a firm under Monopoly

Unit II - Pricing and Output Decisions under Imperfect Competition (15 lectures)

Monopolistic competition: Competitive and Monopolistic elements of monopolistic competition- equilibrium of firm under monopolistic competitions, monopolistic verses perfect competition, excess capacity and inefficiency, debate over role of advertising, (topics to be taught using case studies from real life examples)

Oligopolistic Market: Key attributes of oligopoly- Collusive and non-collusive oligopoly market, Price rigidity, Cartels and price leadership models (with practical examples)

Unit III - Pricing practices

(10 lectures)

Cost oriented pricing methods: cost –plus (full cost)/mark-up pricing, marginal cost pricing, Mark up pricing, discriminating pricing, multiple – product pricing - transfer pricing (case studies on how pricing methods are used in business world)

Unit IV - Evaluating capital projects

(10 lectures)

Meaning and importance of capital budgeting- steps in capital budgeting- Techniques of Investment appraisal: payback period method, net present value method, and internal rate of return method (with numerical examples)

References:

1. Ahuja, H. L. (2007). *Business Economics*. New Delhi: S. Chand & Company Ltd.
2. Ahuja, H. L. (2016). *Principles of Microeconomics*. New Delhi: S.Chand &Company Ltd.
3. M.Hirchey. (2003). *Managerial Economics*. New Delhi: Thomson South Western.
4. Mehta, P. (2000). *Managerial Economics - Analysis, Problem and Cases*. New Delhi: S.Chand & Sons.
5. Salvatore, D. (2001). *Managerial Economics in a Global Economy*. Singapore: Thomson South Western.
6. V.K.Puri. (2017). *Business Economics*. Mumbai: Himalaya Publishing House

SCHEME OF EXAMINATION

Examination will consist of internal and semester end divided as 40 marks for internal and 60 marks for Semester end.

Internal Assessment

Internal assessment of 40 marks will be divided as 20 marks for class test, 20 marks for assignment.

Semester End Examination

The pattern for Semester end paper of 60 marks will be as follows:

- Duration – 2 hours for each paper.
- There shall be four questions each of 15 marks. All questions shall be compulsory.
- Questions may be subdivided into sub-questions a, b, c and students are expected to answer two out of three.

Questions	Modules	Marks
Q N 1	Unit I	15
Q N 2	Unit II	15
Q N 3	Unit III	15
Q N 4	Unit IV	15

S.Y.B.Com – Semester III

Name of the subject: Business Economics Paper I

Title of the paper: Elements of Macroeconomics

Paper Code: SIUCBEC31

Number of Credits: 3

Total No. of Lectures: 45

Objective - This course is an introduction to the basic analytical tools of macroeconomics to evaluate macroeconomic conditions such as inflation, unemployment and growth. It is designed to make system of overall economy understandable and relevant. The aim is to provide a clear explanation of many aspects of aggregate economic variables to inspire a consistent way of thinking about key macroeconomic phenomena. It intends to familiarize the commerce students with basic concepts of macroeconomics and with certain common features of economic occurrence in the real world.

Unit I – Overview of Macroeconomics

(10 Lectures)

Macroeconomics: Meaning, Scope and Importance, Circular flow of aggregate income and expenditure and its Importance- closed and open economy models- The Measurement of National Product - Trade Cycles: Features and Phases

Unit II - Basic Concepts of Keynesian Economics

(10 Lectures)

The Principle of Effective Demand: Aggregate Demand and Aggregate Supply ,Consumption Function: Properties, Assumptions and Implications ,Investment function and Marginal Efficiency of capital Investment Multiplier effect on Income and Output

Unit III - Post Keynesian Developments in Macro Economics

(10 Lectures)

The IS-LM model of integration of commodity and money markets , Philips curve ,Stagflation, Supply side economics

Unit IV - Money, Prices and Inflation

(15 Lectures)

Money Supply: Determinants of Money Supply - Velocity of Circulation of Money ,Demand for Money: Keynesian approach- Friedman's restatement of Demand for money, Inflation : Demand Pull Inflation and Cost Push Inflation - Effects of Inflation- policy measures to curb inflation- monetary policy and inflation targeting

References:

1. Ahuja, H. L. (2016). *Macroeconomics: Theory & Policy*. New Delhi: S. Chand & Company Ltd.
2. D'Souza, E. (2012). *Macroeconomics*. New Delhi: Pearson Education India.
3. Dwivedi, D. (2001). *Macroeconomics: Theory and Policy*. New Delhi: Tata Mc GrawHill.
4. Froyen, R. (2013). *Macroeconomics: Theories and Policies*. New Delhi: Pearson Education India.
5. Mankiw, G. (2002). *Macroeconomics*. New York: Worth Publishers.
6. Rudiger Dornbursch, S. F. (2004). *Macroeconomics Ninth Edition*. New Delhi: Tata McGraw Hill.

S.Y.B.Com Applied Component Semester III

Name of the subject: Applied Component Paper I

Title of the paper: Economic Systems

Paper Code: SIUCECS31

Number of Credits: 3

Total No. of Lectures: 45

Objective –The paper intends to introduce students to various kinds of economic systems and their functioning. It traces the evolution of economic systems towards capitalism. It also introduces students to Marxian economic thought.

Unit I (10 Lectures)

Introduction- Meaning, Features and Functions of economic Systems, Importance of the study of Economic systems, Forces influencing Economic Systems, Classification of economic Systems, Multidimensional Approach.

Unit II (15 Lectures)

Criteria for Evaluating performance of Economic Systems: Efficiency criteria- Allocative – Productive and Distributive efficiency under different economic systems, Role of freedoms under different systems, Incentives and Disincentives under different Economic Systems: Economic and Non-economic.

Unit III (10 Lectures)

Capitalism: Transition from Mercantilism to Capitalism, Features, Emergence of welfare state

Unit IV

(10 Lectures)

Marxian Economic Thought, Materialistic interpretation of History, Theory of Profit, Theory of capitalist crisis and breakdown.

References-

1. Ebenstein, A. E. (1999). *Today's ISMS: Socialism, Capitalism, Fascism, Communism, and Libertarianism*. New Delhi: Pearson.
2. Gardner, S. (1998). *Comparative Economic Systems*. London: Dryden Press.
3. Immanuel, H. (1995). *The Rise of Modern China*. London: Oxford University Press.
4. Leslie, S. (2002). *Globalization: Capitalism and its Alternative*. London: Oxford University Press.
5. North, D. (1990). *Institutions, Institutional Changes and Economic Performance*. London: Cambridge University Press.
6. Rosefield, S. (2004). *Comparative Economic Systems: Culture, Wealth & Power in the 21st Century*. London: Blackwell Publishers.

S.Y.B.Com Semester IV

Name of the subject: Business Economics Paper I

Title of the paper: Foundation of Public Finance

Paper Code: SIUCBEC41

Number of Credits: 3

Total No. of Lectures: 45

Objective-The primary objective of this course is to provide students with the tools to understand the underlying concepts and practical tradeoffs entailed in public finance policy alternatives. It is strongly recommended to analyze Union budget of ongoing financial year in the class room.

Unit I - The Role of Government in an Economy

(10 Lectures)

Meaning and Scope of Public finance. Major fiscal functions: allocation function, distribution function & stabilization function, Principle of Maximum Social Advantage: Dalton and Musgrave Views - the Principle in Practice, Limitations. Relation between Efficiency, Markets and Governments, The concept of Public Goods and the role of Government

Unit II - Public Revenue

(10 Lectures)

Sources of Public Revenue: tax and non-tax revenues, Objectives of taxation - Canons of taxation - Types of taxes : direct and indirect - Tax Base, and Rates of taxation : proportional, progressive and regressive taxation, Shifting of tax burden: Impact and incidence of taxation - Processes- factors influencing, incidence of taxation, Economic Effects of taxation: on Income and Wealth, Consumption, Savings, Investments and Production, Redistributive and Anti – Inflationary nature of taxation and their implications

Unit III - Public Expenditure and Public Debt

(10 Lectures)

Public Expenditure, concepts and significance, Canons - classification - economic effects of public spending – on production, consumption, distribution, employment and stabilization - Theories of Public Expenditure: Wagner's Hypothesis and Wiseman Peacock Hypothesis - Causes for Public Expenditure Growth, Public Debt :Classification - Burden of Debt Finance : Internal and External- Public Debt and Fiscal Solvency

Unit IV - Fiscal Management and Financial Administration

(15 Lectures)

Fiscal Policy: Meaning, Objectives, constituents and Limitation, Contra cyclical Fiscal Policy and Discretionary Fiscal Policy, Structure of Union budget - Deficit concepts-Fiscal Responsibility and Budget Management Act, Intergovernmental Fiscal Relations: fiscal federalism and fiscal decentralization - central-state financial relations - 14th Finance Commission recommendations

References:

1. Bhatia, H. (2018). *Public Finance*. New Delhi: Vikas Publishing House.
2. Kennedy, J. M. (2012). *Public Finance*. New Delhi: Prentice Hall India Learning Private Limited.
3. Mithani, D. (1998). *Modern Public Finance*. Mumbai: Himalaya Publishing House.
4. R.A Musgrave, P. M. (1976). *Public Finance in Theory and Practice*. Tokyo: Tata McGraw Hill.
5. Rosen, H. S. (2007). *Public Finance*. New Delhi: McGraw-Hill Higher Education.
6. Singh, S. K. (2010). *Public Finance in Theory & Practice*. New Delhi: S Chand & Company.

S.Y.B.Com Applied Component Semester IV

Name of the subject: Applied Component Paper I

Title of the paper: Economic Systems

Paper Code: SIUCECS41

Number of Credits: 3

Total No. of Lectures: 45

Objective – The paper intends to introduce students to the different economic systems prevalent in the major economies of the world. It also introduces students to globalization and its challenges.

Unit I

(10 Lectures)

USA- Critique of American Capitalism, Former USSR – Failure and Downfall, China- Economic Revolution

Unit II

(10 Lectures)

Mixed Economy, Features, Mixed Economy in India, Changing role of public sector, Gandhian Economic Thought- Relevance

Unit III

(15 Lectures)

Globalization – Factors and forces, Transnational Corporations and capitalist globalization, Impact of globalization on economic growth, Reverse Globalization, efficiency and distribution of income.

Unit IV

(10 Lectures)

Challenges of Capitalist globalization, Class polarization crisis, Crisis of ecological sustainability, Environmental degradation.

References-

1. Amable, B. (2003). *The Diversity of Modern Capitalism*. London: Oxford University Press.
2. Black Barnard, A. T. (2003). *Institutional Reforms in Transition: A Case Study of Russia*. Mimeo: Stanford Law School.
3. Immanuel, C. Y. (1995). *The Rise of Modern China*. London: Oxford University Press.
4. Maxim Boycko, A. S. (1997). *Privatizing Russia*. Cambridge: MIT Press.
5. Sklair, L. (2002). *Globalisation: Capitalism and its Alternative*. London: Oxford University Press.
6. Srinivasan, B. (2017). *Americana: A 400-Year History of American Capitalism*. New York: Penguin Press.

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Q N 2	Unit II	15
Q N 3	Unit III	15
Q N 4	Unit IV	15

T.Y.B.Com – Semester V

Name of the subject: Business Economics Paper I

Title of the paper: Macro Economic Aspects of India

Paper Code: SIUCBEC51

Number of Credits: 3

Total No. of Lectures: 45

Objective- This course is designed to present an overview of recent issues of Indian Economy. It provides a comprehensive and descriptive analysis of developments in various sectors of the Indian economy, since the reforms period. It particularly focuses on recent reform measures and its impact on national income growth, human development, agriculture, industry, services, banking and monetary policy.

Unit I - Macro-Economic Overview of India (13 Lectures)

New Economic Policy 1991: Rationale and Key Policy Changes – Role of social infrastructure in relation to health and Education, Gender Related Development, Government Policy-Make in India, Invest in India, and Skill Development and Training Programmes, Foreign Investment Policy Measures in India, Foreign Investment Promotion Board, FDI- MNCs and their role.

Unit II - Agriculture and Related Issues (10 Lectures)

Trends in Agricultural Production and Productivity, National Agricultural Policy 2000: Objectives, Features and Implications, Agricultural pricing and agricultural finance, Agricultural Marketing Development, Public Distribution System and Food Security

Unit III - Industry and Service Sectors

(10 Lectures)

Industrial Development since 1991: Growth and Diversification Policy, Measures- Competition Act 2003, Disinvestment Policy, Micro, Small and Medium Enterprises [MSME sector] since 2007. Industrial Pollution in India: Meaning, Types, Effects and Control. Service Sector: Recent trends, role and growth in Healthcare and Tourism Industry

Unit IV - Banking and Financial Sector

(12 Lectures)

Banking Sector- Recent trends, issues and challenges in Banking and Insurance Industry, Money Market – Structure, Limitations and Reforms, Capital Market –Structure, Growth and Reforms.

References-

1. A N Agrawal, M. K. (2015). *Indian Economy: Problems of Development and Planning*. New Delhi: New Age International Private Limited.
2. Kapila, U. (2018). *Indian Economy: Performance and Policies*. New Delhi: Academic Foundation.
3. Mahajan, G. D. (2016). *Indian Economy*. New Delhi: S.Chand & Company Ltd.
4. Ruddar Dutt, K. S. (2008). *Indian Economy*. New Delhi: S.Chand Publication.
5. S.K Misra, V. P. (2011). *Indian Economy*. New Delhi: Himalaya Publishing House.
6. Shukla, M. (2012). *Indian Economy*. New Delhi: Taxman Publisher.

T.Y.B.Com – Semester VI

Name of the subject: Business Economics Paper I

Title of the paper: International Economics

Paper Code: SIUCBEC61

Number of Credits: 3

Total No. of Lectures: 45

Objective- The course is designed to help understand working of the economy in an open framework. The objective is to familiarize the students regarding the basis of international trade, foreign market and the role of international institution in facilitating multilateral trade.

Unit I -International Trade

(13 Lectures)

Theories of International Trade: Comparative Cost Theory, Heckscher Ohlin Theory,
Terms of Trade: Meaning & Types – Gains from Trade (with Offer Curves)

Unit II – Commercial Trade Policy

(10 Lectures)

Commercial Trade Policy –Free Trade and Protection – Pros and Cons, Tariff and Non-Tariff Barriers: Meaning, Types and Effects, International Economic Integration – Types and Objectives:-EU and Brexit, ASEAN

Unit III -Balance of Payments and Global Trade

(10 Lectures)

Concept & Structure of BOP, Causes of Disequilibrium, Measures to Correct Disequilibrium in BOP- India's BOP Position since 1991- Regional Trade Blocks and Agreements.

Unit IV-Foreign Exchange Market

(12 Lectures)

Foreign Exchange Market: Meaning, Functions, Determination of Equilibrium Rate of Exchange, Purchasing Power Parity Theory, Spot and Forward Exchange Rates, Arbitrage, Role of Central Bank in foreign exchange rate management, Managed flexible exchange rate system of India.

References-

1. Cherunilam, F. (2017). *International Economics*. New Delhi: McGraw Hill Education.
2. Dwivedi, D. N. (2013). *International Economics: Theory and Policy*. New Delhi: Vikas Publishing House.
3. M.L.Jhingan. (2016). *International Economics*. New Delhi: Vrinda Publications Private Limited.
4. Mannur, H. (1999). *International Economics*. New Delhi: Vikas Publishing House.
5. Paul Krugman, M. O. (2012). *International Economics: Theory and Policy*. New Delhi: Pearson Education Indian Edition.
6. Salvatore, D. (2011). *International Economics: Trade and Finance*. New Delhi: John Wiley International Student Edition.

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Q N 3	Unit III	15
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