University of Pune

Revised Syllabus, T.Y.B.A. Economics

From June 2010

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T.Y. B.A Economics  
General Paper- III  
G3: Indian Public Finance  
(From June 2010)  
Revised Syllabus

PREAMBLE
Role and functions of the Government in an economy have been changing with the passage of time. The term ‘Public Finance’ has traditionally been applied to the package of those policies and operations which involve the use of tax and expenditure measures while budgetary policy is an important part to understand the basic problems of use of resources, distribution of income, etc. There are vast array of fiscal institutions — tax systems, expenditure programmes, budgetary procedures, stabilization instruments, debt issues, levels of government, etc., which raise a spectrum of issues arising from the operation of these institutions. Further, the existence of externalities, concern for adjustment in the distribution of income and wealth, etc. require political processes for their solution in a manner which combines individual freedom and justice.

Section I

1 Public Finance
   1.1 Meaning, Nature, Scope and Importance of Public Finance
   1.2 Private Finance and Public Finance
   1.3 Principle of Maximum Social Advantage- Dr. Dalton

2. Public Expenditure
   2.1 Meaning and Principle of Public Expenditure
   2.2 Classification of Public Expenditure
   2.3 Trends in Public Expenditure
   2.4 Causes of Growth of Public Expenditure
   2.5 Effects of Public Expenditure

3. Public Revenue
   3.1 Source of Public Revenue
   3.2 Objectives of Taxation
   3.3 Concepts- Impact of Tax, incidence of Tax, Shifting of Tax and Taxable capacity
   3.4 Indian Tax Structure- Classification of Taxes, Features & Defects of Indian Tax System.

4. Public Debt
   4.1 Meaning and Types of Public Debt
   4.2 Sources of internal and external Public Debt
   4.3 Effects of Public Debt
   4.4 Methods of Repayment

Section II

5. Budget
   5.1 Meaning, Revenue and Capital Budget
   5.2 Surplus, Deficit and Balance Budget.
   5.3 Preparation of Indian Central Budget
   5.4 Concept of Deficit - Revenue, Fiscal, Primary
   5.5 Gender Budget
6. Deficit Financing
   6.1 Meaning, Objectives and Causes
   6.2 Deficit finance since 1991
   6.3 Effects of Deficit Financing

7. Centre-State Financial Relationship
   7.1 Constitutional Provisions
   7.2 Recommendation of 12th and 13th finance Commission
   7.3 Centre- State Conflict

8. Fiscal Policy
   8.1 Meaning and Objectives of Fiscal Policy

BASIC READING LIST

- Government of India (1985) Long Term Fiscal Policy, New Delhi

ADDITIONAL READING LIST :

- प्रांक.कदम प्रां.दातिर प्रां.चितामणी प्रा.लोमंद्र व्यवसाय आणि सार्वजनिक आयव्य, निगाली पकालन पुंशण
- Datta / Sundaram (2009), Indian Economy S.Chand And Co. Ltd New Delhi.
- डां.राजेंद्र स्मार्त सार्वजनिक आयव्य, २००० रक्षण पकालन पुंशण.
- ओझकर 'राजय' विधा पकालन नागपूर
PREAMBLE
This course provides the students a thorough understanding and deep knowledge about the basic principles that tend to govern the free flow of trade in goods and services at the global level. The contents of the Paper, spread over various modules, lay stress both on theory and applied nature of the subject that have registered rapid changes during the last decade. Besides this, the contents prepare the students to know the impact of free trade and tariffs on the different sectors of the economy as well as at the macro level. The students would also be well trained about the rationale of recent changes in the export-import policies of India. This paper has become relatively more relevant from the policy point of view under the present waves of globalization and liberalization both in the North and in the South.

Section I

1 Introduction
1.1 International economics- meaning , Scope & Importance
1.2 Inter-regional and international trade
1.3 Importance of International Trade

2 Theories of International Trade
2.1 Theory of absolute cost advantage,
2.2 Theory of Comparative cost advantage
2.3 Heckscher-Ohlin theory
2.4 Recent Development - Rybczynski theorem, Leontief’s paradox,
   Intra-Industry Trade

3 : Gains from Trade
3.1 Measurement of gains, static and Dynamic gains
3.2 Terms of trade – Importance & types
3.3 Detrainment’s of Terms of trade
3.4 Causes of unfavorable terms of trade to less developed countries.

4 : Trade policy & Exchange Rate
4.1 Free trade policy - case for and against
4.2 Protections – case for and against
4.3 Types of tariffs and quotas
4.4 Determination of Exchange rate
4.5 Fixed & flexible Exchange Rate- merits & Demerits

Section II

5 : Balance of Payments
5.1 Balance of trade and Balance of payments; Concepts and components
5.2 Equilibrium and disequilibrium in balance of payments; causes and consequences
5.3 Measures to correct deficit in the balance of payments.
6 International monetary system
   6.1 Devaluation; - merits, demerits and limitations
   6.2 Foreign trade multiplier; - Concept and Limitations
   6.3 IMF, World Bank – objectives, Functions & performance
7 : Foreign Trade in India
   7.1 Recent changes in the composition and direction of foreign trade;
   7.2 Causes and effects of persistent deficit in the balance of payments;
   7.3 Measures adopted by the government to correct the deficit after 1991;
   7.5 WTO & India
8. Export Promotion measures
   8.1 Partial and full convertibility of Indian rupees
   8.2 Export promotion – contribution of SEZ
   8.3 Foreign Trade policy 2009
   8.4 Role of multinational corporations in India.

BASIC READING LIST

ADDITIONAL READING LIST
Preamble

The main objective of this paper is to train the students to use the techniques of mathematical and statistical analysis, which are commonly applied to understand and analyze economic problems. The emphasis of this paper is on understanding economic concepts with the help of mathematical methods rather than learning mathematics itself. Hence in this paper a student will be initiated into various economic concepts, which are amenable to mathematical treatment. The paper also deals with simple tools and techniques, which will help a student in data collection, presentation, analysis and drawing inferences about various statistical hypotheses.

Section I

1. Introduction to quantitative techniques:-
   1.1- Equations- Linear and simultaneous - Problems related to supply, demand and price determination.
   1.2 - Concept of ratio, proportion and percentage : related problems.
   1.3- Calculations of simple interest - principal amount, rate of interest, period - problems
   1.4- Calculations of compound interest - principal amount, period, rate of interest (half yearly and yearly)- problems

2. Measures of Central tendency:
   2.1- Arithmetic mean - meaning, merits and demerits, Computation of arithmetic mean of ungrouped and grouped data, frequency distribution.
   2.2- Median - meaning, merits and demerits, Computation of median with ungrouped data and continuous frequency distribution.
   2.3 - Mode- Meaning, Merits and demerits.

3. Introduction to Basic statistics:
   3.1- Collection of data – Primary & Secondary.
   3.2- Classification of data: - Frequency distribution, cumulative frequencies, Meaning of class boundaries, midpoint, class width.
   3.3 - Tabulation of data: Importance of tabulation, parts of the table, one way and two way tables.

Section II

4. Research Technique
   4.1 Research- Meaning & Types
   4.2 Choice of Problems
   4.3 Objectives of Study
   4.5 Hypothesis- Definition, formulation
   4.6 Sampling – Types

5. Report writing -
   5.1 - Objectives and characteristics of a good report.
   5.2 - Steps of report writing.
**Project work & Evaluation scheme**

1. Term end examination of 60 marks shall be held at the end of the first term.
2. Candidate shall submit a report of minimum 3000 words i.e. 10 to 15 pages to the department by end of the February.
3. A viva-voce should be conducted before theory examination and the results should be sent to the University as immediately.
4. The result should be prepared as follows:
   a) 60 marks of term end examination converted in to 20 marks
   b) 50 marks Annual examination for 2 hours conducted by University of Pune Equal weightage for all topics
   c) 30 Marks exam should be conducted by the department 20 marks for Project work & 10 marks Viva-voce exam.

**READING LIST :-**

- Wilkinson and Bhandarkar - Methodology and Techniques of Social research - Pauline, Young - Scientific Social Surveys and Research
- Goode and Hatt - Methods in Social Surveys and Research
- Sharma Prasad and Satyanarayana (ed) Research Methods in Social Sciences
- Moser and Kalton - Survey Methods in Social Investigations
- Sadhu and Singh - Research Methodology in Social Sciences
- Kurein C. T. A guide to research in Economics.
- Devendra Thakur - Research Methodology in Social Sciences

**ADDITIONAL READING LIST :-**

- Wilkinson and Bhandarkar – Methodology and Techniques of Social Research.
- Pauline Young : Scientific Social survey and Research
- ज.फा. पाठ्य व के.जे. पढ़ाया भी. जे तापणसर & अर्धशास्त्रीय संशोधनाची तंडोंक्षय
- गुरुनाथ नागमोढूं सामाजिक संशोधन पद्धती.
- पद्यप आगलवे & संशोधन पद्धती भाष्य व तंत्र.
- पु.ल.भाऊसरकर & सामाजिक संशोधन पद्धती
Preamble

The main objective of this paper is to train the students to use the techniques of mathematical and statistical analysis, which are commonly applied to understand and analyze economic problems. The emphasis of this paper is on understanding economic concepts with the help of mathematical methods rather than learning mathematics itself. Hence in this paper a student will be initiated into various economic concepts, which are amenable to mathematical treatment.

1 Basic concept

1.1 Variables, sets, Functions, Equations, identities,
1.2 Systems of equations,
1.3 Application of straight line system,
1.4 Slope of the line,
1.5 Homogeneous functions.

2 Calculus

2.1 Differentiation of a function.
2.2 Maxima and minima
2.3 Elasticity’s, Equilibrium of a firm, and consumer,
2.4 Inter relationships among total marginal and average cost and revenues,
2.5 Constrained optimization problem,
2.6 Integration of function consumer’s and producer’s surplus.

3 Matrix Determinants.

3.1 Various types of Matrices,
3.2 Determinants, inverse of matrix.
3.3 Cramer’s rules, impute-output analysis,
3.4 Simple static modes, Linkages,
3.5 Concept of linear programming graphic method.

4 Introductions to Statistics

4.1 Basic concepts- Population, Sample, Parameter, Frequency Distribution,
4.2 Cumulative frequency Graphic and diagrammatic representation of data,
4.3 Techniques of data collection. Primary and secondary data.
4.4 Sampling vs population
Section II

5 Central Tendency and Dispersion.

5.1 Measures of central tendency, mean, median, mode, Geometric mean and Harmonic mean.

5.2 Measures of dispersion, Range, mean deviation, Standard deviation, coefficient of variation, quartile deviation, skewness and Kurtosis.

6 Correlation and Regression.

6.1 Correlation Sample, coefficient of correlation Karl Person & Rank Correlation
Partial and multiple correlation

6.2 Analysis. Regression, analysis Estimation of regression

6.3 Line in a Woivariate distribution least squares method interpretation of regression coefficients.

7 Time Series and Index Numbers.

7.1 Time series analysis concept and components.

7.2 Determination of regular, trend and seasonal indices

7.3 Index number concept, Price relative quantity relative value relative,

7.4 Laspeyer’s Passche’s and Fisher Family budget method.

7.5 Problems in the construction and limitations of index numbers,

7.6 Tests for ideal index number.

8 Probability.

8.1 Probability - concept

8.2 Rules of Probability (Addition and Multiplication)

READING LIST :-