

**NOTIFICATION****Sub: Amendment to Ordinance V****[E.C Resolution No. 38-1/ (38-1-8) dated 08.12.2022]**

Following addition be made to Appendix-II-A to the Ordinance V (2-A) of the Ordinances of the University;

**Add the following:**

**Syllabi of Semester-II of the Department of Finance & Business Economics under Faculty of Applied Social Sciences & Humanities based on Under Graduate Curriculum Framework -2022 to be implemented from the Academic Year 2022-23.**

**CATEGORY-I**

**Business Economics Course for Undergraduate Programme of study with Business Economics as a Single Core Discipline**

**(B.A. Honours in Business Economics in three years)**

**DISCIPLINE SPECIFIC CORE COURSE – 4: MACROECONOMICS-I**

**CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE**

| Course title & Code         | Credits | Credit distribution of the course |          |                     | Eligibility criteria | Pre-requisite of the course (if any) |
|-----------------------------|---------|-----------------------------------|----------|---------------------|----------------------|--------------------------------------|
|                             |         | Lecture                           | Tutorial | Practical/ Practice |                      |                                      |
| Macroeconomics – I<br>DSC-4 | 4       | 3                                 | 1        | 0                   | Class XII            | Nil                                  |

**Learning Objectives**

This course aims at inculcating basic understanding of the fundamentals of macroeconomics. It will enable students to identify major macroeconomic issues, their applicability to the real economy.

**Learning outcomes**

By studying this course, the students will be able to:

- To understand the basic concept of circular flow of income in four sector economies and different approaches to measurement of National Income.
- To introduce basic concepts of the money market including demand and supply aspects of money.

- To apply the closed economy Hicks- Hansen (IS-LM) model for effectiveness of Fiscal and Monetary policies in the short run.
- To identify macroeconomic issues of developing countries in a global macro setting and its difference from issues of developed countries.

## **SYLLABUS OF DSC-4**

### **UNIT–I: Introduction to Macroeconomics and National Income Accounting (6 Hours)**

Origin of macroeconomics; Income, expenditure and the circular flow in three and four sectoral economies; real versus nominal GDP; price indices; measurements of gross domestic product; national income accounting for closed economy and for open economy and National Income Identity; balance of payments accounts and its components.

### **UNIT – II: Theory of Income Determination (9 Hours)**

An introduction to Classical and Keynesian systems; Simple Keynesian Theory of Income Determination, Consumption function – MPC and APC, changes in equilibrium, Paradox of Thrift and Investment multiplier.

### **UNIT – III: Money, Interest and Monetary Policy (12 Hours)**

Meaning and nature of money, Primary and secondary functions of money; Quantity Theory of Money–Cambridge version, Classical theory of interest rate, Loanable fund Theory and Keynesian Theory of Liquidity Preference and interest rate, Liquidity Trap; Credit Creation and Money Multiplier Determination of money supply and demand; credit creation; money multiplier, monetary base; tools of monetary policy

### **UNIT – IV:IS-LM Analysis and Aggregate Demand (12 Hours)**

Goods market and money market, graphical derivations of the Hicks-Henson model (IS and LM functions); Properties of IS-LM curves, factors affecting the position and slope of IS-LM curves, determination of equilibrium income and interest rates; Studying the impact of fiscal and monetary policies using IS-LM framework;Macro policy in a global setting and developing countries

### **Unit V: Inflation (6 Hours)**

Inflation: meaning; demand and supply side factors; natural rate theory; monetary policy-output and inflation (monetarist view); Phillips curve: short run and long run.

### **Essential/recommended readings**

1. Abel Andrew B., Bernanke Ben and Croushore Dean (2011). Macroeconomics (7th edition). Pearson
2. Schiller Bradley R. and Gebhardt Karen (2019) Macro economy Today (14th edition), McGraw Hill
3. Froyen Richard T. (2013). Macroeconomics: Theories and Policies (10<sup>th</sup> ed.), Pearson.

4. Blanchard O. (2017). Macroeconomics (7<sup>th</sup> edition). Pearson
5. Dornbusch R., Fischer S., and Startz R. Macroeconomics (11<sup>th</sup> edition). McGraw-Hill
6. Colander David C. (2017) Macroeconomics (9th edition), McGraw Hill

### Suggested readings

1. Gordwin, Harris, Nelson, Roach and Torris (2017) Macroeconomics in context (2nd edition), Routledge Taylor and Francis Pub Indian Edition
2. Government of India (GOI) (Latest Year), Economic Survey, Ministry of Finance New Delhi.
3. Government of India (GOI) (Latest Year), Handbook of Indian Economy, RBI Publication New Delhi.
4. Mankiw N. Gregory, Macroeconomics, Worth Publishers.
5. Chugh, S. (2015) Modern Macroeconomics, MIT Press.
6. D'Souza, E, Macroeconomics, Pearson Education

**Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.**

## DISCIPLINE SPECIFIC CORE COURSE – 5: FINANCIAL INSTITUTIONS

### Credit distribution, Eligibility and Pre-requisites of the Course

| Course title & Code                      | Credits | Credit distribution of the course |          |                     | Eligibility criteria | Pre-requisite of the course (if any) |
|--|---------|-----------------------------------|----------|---------------------|----------------------|--------------------------------------|
|  |         | Lecture                           | Tutorial | Practical/ Practice |                      |                                      |
| Financial Institutions and Markets DSC-5 | 4       | 3                                 | 1        | 0                   | Class XII            | Nil                                  |

### Learning Objectives

This course provides an understanding of the existing financial institutions and markets in the Indian financial system. Students will be equipped with the knowledge of primary and secondary segments of the equity, money, and debt markets.

### Learning outcomes

By studying this course, the students will be able to:

- To understand the role of banking and non-banking financial institutions in India.

- To learn the methods for companies to raise funds in the primary market
- To use the methodology to create stock price indices in India.
- To analyze the process of issuance, trading, and settlement in equity, debt and money market instruments.

## **SYLLABUS OF DSC- 2**

### **UNIT – I:Financial Institutions in India**

**(9 Hours)**

- Overview of Formal Financial System: Financial Institutions, Financial Markets, Financial Instruments, Financial Services, Role of Financial System in Economic Development.
- Banking and Non-Banking Institutions: Scheduled Commercial Banks in India, Risk Management Process in Banks, Non-Performing Assets, Tools to Manage Non-Performing Assets, Payment Banks.
- Credit Rating Agencies: Meaning, Methodology and Agencies in India.
- Housing Finance: Housing Finance Companies in India, Repricing of Loan, Floating vs. Fixed Rate, The Rest Method, Problems in Housing Finance.
- NBFCs in India: Objectives, Functions, Types, Difference between NBFCs and Banks, Role of NBFCs in Indian Economy.
- Regulatory Institutions: Reserve Bank of India (RBI), Securities Exchange Board of India (SEBI)

### **UNIT – II:Primary Market for Corporate Securities in India**

**(15 Hours)**

- Financial Markets: Role and Importance of Financial Markets, Types of Financial Markets- Equity Market, Debt market, Money market, Forex Market.
- Procedure of an IPO: Entry Norms for IPOs -Profitability Route, QIB Route, Appraisal Route; Intermediaries to an Issue, Pricing Methods-Fixed Price Process, Book Building Mechanism (Book Building Process, Bidding Process, Reverse Book Building, Limitations), Green Shoe option.
- Methods of Raising Funds: Venture Capital, Private Equity, Public Issues- IPO, FPO, offer for sale; Rights Issue, Private Placement -Preferential Issue, Qualified Institutional Placements, Disinvestment of PSU- Objectives, Sell-off methods.
- Raising of Funds from International Markets-ADRs, GDRs, FCCB and Euro Issues, Masala Bonds.
- Listing and Delisting of Corporate Stocks in Indian Stock markets.

### **UNIT – III:Secondary Market in India**

**(12 Hours)**

- Overview of Secondary Market: Functions of Secondary Market, Demutualization of Stock Exchange, Bulls and Bears in Stock Markets, Volatility and Circuit Breakers in stock Market, Stock exchanges in India; International stock exchanges, Capital Market Scams.
- Market Mechanism: Financial Instruments-Equity Shares, Debentures & Bonds, Derivatives. Types of Brokers, Depository Process in India.
- Trading, Clearing and Settlement of securities: Types of orders, Contract Note, Clearing Corporations (ICCL, NSCCL), Depositories (NSDL, CDSL), Settlement Mechanism.
- Risk Management: Margin Requirement and Capital requirement of a Broker, MTM and VaR Margins, Margin Trading and Margin Adjustments.

- Indian Stock Indices: Major Indices in India (Sensex and Nifty), Market Capitalization (free float, full float methodology), Calculation Methodology (Price weighted, Equal weighted, Fundamental weighted, Market Capitalisation weighted Index), Classification of Securities to be included in the Index, Impact of corporate actions (Rights, Bonus, and Stock split) on security prices and indices.

#### **UNIT – IV: Money Markets & Debt Market in India**

**(9 Hours)**

- Money Market: Characteristics, Functions and Benefits of Efficient Money Market, Participants in money markets, Money Market Instruments- Auctioned Treasury Bills (Features, Types, and Issuance/Sale by Auction), Commercial Paper (Guidelines and Process for Issuance), Commercial Bills (Features and Types), Certificate of Deposits (Guidelines and Process for Issuance), Call/Notice Money (Reason of volatility and Process of Issuance) Repo, Reverse Repo.
- Long Term Debt Market: Participants and Instruments in Debt market, Private Corporate Debt Market-Issue and listing of Debt Securities; Govt Securities Market-Issuers, Investors and Types; Govt Dated Securities- Issuance, Trading and Settlement. RBI Direct Portal for retail investors for Government Securities

#### **Notes:**

1. The relevant rules, regulations and guidelines of the RBI, the SEBI and other regulators for all of the above topics should be covered.

#### **Essential/recommended readings**

1. Khan M. Y. Indian Financial System. Tata McGraw Hill.
2. Kannan, R., Shanmugam, K.R., &Bhaduri, S. Non-Banking Financial Companies-Role in India's Development. Springer.
3. Pathak, B. Indian Financial System. Pearson.
4. Eakins, Stanley G. Finance: Investments, Institutions and Management. Addison-wesley Publications.
5. National Stock Exchange of India (2003), "Indian Securities Market: A Review", NSE, Mumbai.
6. RBI Website- <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0>
7. NSE website: <https://www.nseindia.com/resources/publications-indian-securities-ismr>

#### **Suggested readings**

1. Desai, V. Indian Financial System and Development. Himalaya Publishing House.
2. Gordan, E. Natarajan, K. Indian Financial System. Himalaya Publishing House.
3. Madura, J. Financial Markets and Institutions. Cengage Learning.

**Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.**

## DISCIPLINE SPECIFIC CORE COURSE – 6: STATISTICS FOR BUSINESS

### Credit distribution, Eligibility and Pre-requisites of the Course

| Course title & Code                        | Credits | Credit distribution of the course |          |                     | Eligibility criteria | Pre-requisite of the course (if any) |
|--|---------|-----------------------------------|----------|---------------------|----------------------|--------------------------------------|
|  |         | Lecture                           | Tutorial | Practical/ Practice |                      |                                      |
| Statistics for Business Economics -I DSC-6 | 4       | 3                                 | 0        | 1                   | Class XII            | Nil                                  |

### Learning Objectives

This course aims to introduce different kinds of data, its visual representation, and descriptive measures to analyse and describe times series data along with a theory and practice of indices.

### Learning outcomes

By studying this course, students will be able to:

- To organize, manage, present data to gain proficiency in using statistical software for data analysis.
- To prepare a technical report/statistical analysis and interpret results to enhance the ability for broader implication of application in the statistical field.
- To conduct the survey in proper way to collect data on specific economic problem and to grasp different variety of probability/nonprobability sampling methods for selecting a sample from a population.
- To make intelligent judgments and informed decisions in the presence of uncertainty and variation.

### SYLLABUS OF DSC-3

#### UNIT – I Descriptive Statistics

**(12 Hours)**

Sources of data, census and sample, methods of collection, types of data. Graphical representation – Simple Charts, Box Plot, Histogram; Measures of central tendency, dispersion, skewness and Moments.

#### UNIT – II Probability and distribution

**(15 Hours)**

Sample space, event and probability. Types of events: joint, conditional and independence. Theories of probability - Classical Theory of Probability; Relative Frequency Theory of Probability; Subjective Theory of Probability and Axiomatic Theory of Probability, Random variable - Discrete and continuous, mass and density functions, cumulative distributions and properties. Joint distributions, marginal and conditional distributions. Bayes Theorem; Mathematical expectation and variance.

Theoretical Discrete and Continuous Probability Distributions – Binomial, Poisson and Normal distributions

**UNIT – III Time Series**

**(6 Hours)**

Components. Measurement of trend: linear, exponential and growth. Change in origin and scale. Measurement of seasonal fluctuations.

**UNIT – IV Index Numbers**

**(6 Hours)**

Types of index number systems and their relations. Fixed and chain-base. Tests of adequacy. Base shifting, splicing and deflating. Consumer price index, GDP deflator and Stock Prices indices – BSE Sensex and Nifty Fifty.

**UNIT – V Correlation and Regression**

**(6 Hours)**

Covariance & Correlation – Bivariate Analysis: Cross-tabulations and Scatter Plot; Rank Correlation and Pearson's Correlation; Impact of origin shift and change in scale of Correlation; Linear Regression – Simple and Multiple.

**Practical component (30 hours)**- Laboratory work using spreadsheet software. Projects using primary or secondary data.

**Assessment Method**

Total Marks: 100

Practical: 25

Internal Assessment: 25

End Semester Exam: 3 Hours; Maximum Marks: 50

**Essential/recommended readings**

1. Devore, Jay L., (2012). Probability and Statistics for Engineering and the sciences. 8th Edition, Cengage Learning.

**Suggested readings**

1. Miller, Irwin and Marylees Miller. John E. Freund's Mathematical Statistics with Applications, Eighth Edition, Pearson Education.
2. Nagar, A.L., and R.K. Das. Basic Statistics, Second Edition, Oxford University Press
3. Gupta, S.C., Fundamentals of Mathematical Statistics, Himalaya Publishing House

# B.A. Honours Business Economics

## Generic Elective Courses

### GE -2: Principles of Macroeconomics

| Course Title and Code        | Credits | Credit distribution of the course |          |                    | Eligibility Criteria | Pre-requisite of the course |
|------------------------------|---------|-----------------------------------|----------|--------------------|----------------------|-----------------------------|
|                              |         | Lecture                           | Tutorial | Practical/Practice |                      |                             |
| Principles of Macroeconomics | 4       | 3                                 | 1        | 0                  | Class XII            | None                        |

#### Learning Objectives

This course aims at inculcating an understanding:

- (i) key macroeconomic variables with a sound understanding of aggregate economic accounts and definitions.
- (ii) the differences between real and nominal variables, how GDP is measured and its limited applicability to welfare.
- (iii) equilibrium under different assumptions on aggregate demand and supply.
- (iv) the relation between wages, prices, unemployment under different models
- (v) the concept of open economy and how it determines the balance of payments, types of exchange rates.

#### Learning Outcomes

By studying this course, the students will be able to:

- (i) understand the basic principles of and definitions of national income accounting and determination of GDP
- (ii) understand basics of consumption function and different hypotheses regarding aggregate consumption behavior.
- (iii) derive wage setting, price setting relations and labour market equilibrium.
- (iv) learn about the key determinants of economic growth through the lens of the solow/neoclassical growth model and the difference between growth through capital accumulation and technological progress
- (v) identify key macroeconomic indicators and measures of economic change, growth, and development.
- (vi) apply economic theories and concepts to contemporary social issues, as well as formulation and analysis of policy.
- (vii) apply basic international trade and finance concepts to global pricing issues, including working with exchange rates

#### Unit I: National Income and Production

[10 hours]

Macroeconomic questions. National Income Accounts: circular flow, production income and expenditure. Limitations of GDP; real and nominal. Productivity and Incomes, Inequality of incomes and productivity and measurement. Aggregate production function and its representation. Determinants of technology.

#### Unit II: Economic Growth and Development

[5 hours]

Growth and its patterns and its determinants. History of economic growth. Growth, inequality and poverty. Solow Growth Model.

#### Unit III: Macroeconomic Equilibrium

[15 hours]

Measuring employment and unemployment. Labor market equilibrium and unemployment structural & cyclical. Natural rate of unemployment. Credit markets, interest rates and supply and demand curves for credit and equilibrium. Banks & financial intermediation. Functions of banks. Monetary system: money, types and money supply. Quantity theory of money. Inflation: causes, consequences, social costs and benefits. Central bank functions and objectives of monetary policy. Bank reserves and demand, supply of federal funds.