



**SOMAIYA
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K J Somaiya College of Arts & Commerce



**K. J. SOMAIYA COLLEGE OF ARTS AND COMMERCE
VIDYAVIHAR, MUMBAI-77
(Autonomous)**

**Re-accreditation by NAAC with 'A' Grade and CGPA 3.33
College with Potential for Excellence by UGC
(Affiliated to University of Mumbai)**

**SYLLABUS
AND
SCHEME OF EXAMINATION**

Program: B. COM

Course: Business Economics

SEM III

As per

CHOICE BASED CREDIT & GRADING SYSTEM

(75-25 Marks Pattern)

(With effect from the Academic Year: 2020-2021)

Name of the Programme	:	B.Com.
Paper No.	:	II
Course Title	:	Business Economics
Course Code	:	SEM III: UBCOMSSIII.3
No of Credits	:	3
No of Lectures	:	45
No of Lectures per week	:	03

Preamble:

This course deals with macroeconomics or the functioning of an economy as a whole. It involves theoretical, empirical as well as policy-related aspects. The theoretical aspect deals with various macroeconomic concepts as well as various macroeconomic theories. It involves circular flow of income, business cycle, aggregate demand, supply of money, demand for money, inflation, theory of income determination, investment multiplier, principal of acceleration and determination of income and interest rate through IS-LM model. Policy-related aspects of macroeconomics focuses on objectives and instruments of monetary policy and fiscal policy. This course designed for undergraduate students to understand macroeconomics and enables them to learn the functioning of the economy in a systematic manner.

Objectives:

This course is designed to present an overview of macroeconomic issues and introduces preliminary models for the determination of output, employment, interest rates and inflation. Monetary and fiscal policies are discussed to illustrate policy application of macroeconomic theory.

Course Outcomes: After successful completion of this course, learners will be able to:

CO1: Explain circular flow of income, business cycle and theory of income determination.

CO2: Understand supply of money, demand for money, theoretical frameworks of inflation and case studies of hyperinflation.

CO3: Articulate monetary and fiscal policies in fulfilling the macroeconomic objectives of stability, full employment and growth.

CO4: Critically analyse the theoretical frameworks of determination of income and interest rate with the help of IS LM model.

Module I: Theory of Income and Employment: (15 lectures)

Circular Flow of Income: Closed (Two and three-sector models) and Open Economy models, Trade Cycles: Features and Phases, Concept of Aggregate Demand-Keynes Theory of Income Determination, Theory of Investment Multiplier, Acceleration Principle.

Module II: Monetary Economics: (15 lectures)

Supply of Money: Constituents and Determinants of Money Supply- Money Multiplier and High Power Money -Velocity of Circulation of money-RBI Measures of Money supply, Demand for Money: Keynes's Theory of Demand for Money- Inflation: Concept and Rate of inflation - Demand-Pull and Cost-Push of Inflation-Causes, Effects and Measures to Control Inflation, Philips Curve in Short Run, Hyper-Inflation: Zimbabwe and Venezuela (Case Study)

Module III: Integration of Product and Money Market Equilibrium: (15 lectures)

Monetary Policy: Objectives and Instruments- Fiscal Policy: Objectives and Instruments, Money Market Equilibrium: The LM Curve; The Product Market Equilibrium: The IS Curve, The IS and LM curves combined – Factors influencing Equilibrium income and the Interest Rate, Monetary influence: Shift in the LM schedule, Real influences: Shift in the IS schedule

References:

1. Abel Andrew B. and Ben S. Bernanke, Macroeconomics, Pearson Education, Inc., 7th edition, 2011.
2. Alina Bohm (2019), Venezuela: the Path to Hyperinflation, GRIN Verlag.
3. Blanchard Olivier (2009), Macroeconomics, Pearson Education, Inc., 5th edition,
4. D'Souza Errol (2009), Macroeconomics, Pearson Education.
5. Dornbusch, Fischer and Startz (2010), Macroeconomics, McGraw Hill, 11th edition.
6. Dwivedi D. N., Macroeconomics: Theory and policy, Tata McGraw.
7. Froyen Richard T. (2005), Macroeconomics, Pearson Education Asia, 2nd edition.
8. Mankiw N.Gregory (2010). Macroeconomics, Worth Publishers, &the edition.
9. Steve H. Hanke and Nicholas Krus (2012), "World Hyperinflations" Cato Institute, Working Paper. Cato.org

Evaluation Pattern

The performance of the learners shall be evaluated into two parts. The learner's performance shall be assessed by Internal Assessment with 25% marks in the first part by conducting the Semester End Examinations with 75% marks in the second part. The allocation of marks for the Internal Assessment and Semester End Examinations are as shown below:-

(A) Internal Assessment: 25 Marks (25%)

Sr. No	Evaluation type	Marks
1	One Periodical class Test/Project/ Field Visits	20
2	Active participation in routine class instructional deliveries(case studies/ seminars//presentation)	05

Sample Multiple Choice Questions (Each question for 1 mark) (20 Marks)

1. In a circular flow economy, firm supply_____

A. Labour	C. Goods and Services
B. Land	D. All of the above

2. Change in consumption / change in income refers to _____.

A. MPS	C. MPC
B. MRS	D. MRTS

3. Demand for transaction and precautionary motive is interest _____.

A. Elastic	C. Unit Elastic
B. Inelastic	D. None of the above

4. The cash reserve ratio is determined by _____.

A. Central Bank of the country	C. World Bank
B. Commercial Bank	D. Central Government

5. Which of the following curve shows the goods market equilibrium?

A. LM curve	C. IS curve
B. Aggregate Demand curve	D. None of the above

(B) External Theory examination: 75 Marks (75%)

- Duration –2.30 Hours for each paper.
- There shall be FIVE questions each of 15 marks on each module.
- All questions shall be compulsory with internal choice within the questions.
- Questions may be subdivided into sub-questions a, b, c and the allocation of marks shall depend on the weightage given to the topic.
- Fifth question shall be asked on short notes/objectives which will be the combination of all models.

Questions	Modules	Marks
Q1	Based on Module – 1	15
Q2	Based on Module – 2	15
Q3	Based on Module – 3	15
Q4	Based on all Modules	15
Q5	Based on all Modules (Objectives/MCQ)	15
	Total Marks	75

COMPOSITION OF SUBJECT BOARD

SUBJECT- ECONOMICS

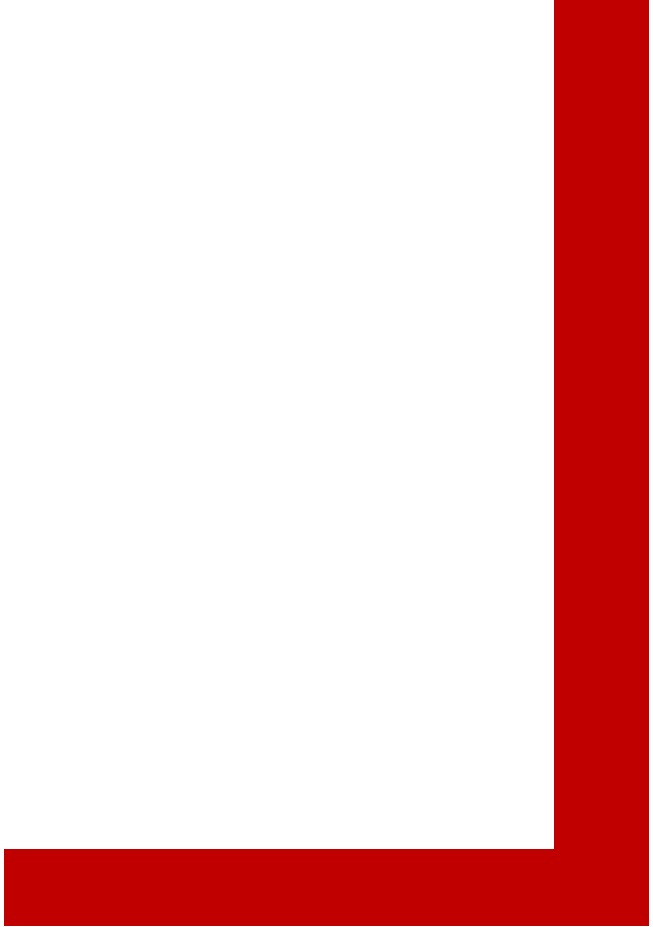
Head of Department	Prof. Mrs. Jayshree Kotak Head of Economics Department K.J Somaiya College of Arts & Commerce, Vidyavihar, Mumbai 77
Faculty from the Department	Dr. (Smt) Shubhangi Patil Dr. Mahendra Mishra Dr. Sunil Bhaskar Chandanshive Mrs. Deepali Keluskar Dr. (Miss) Flora Pandya

Subject Expert (Nominated by Academic Council)	Smt. Aditi Sawant Associate Professor and Head, Department of Economics, St. Xavier's College, Autonomous Mumbai- 400001
Professional Experts (Nominated by Principal)	Prof. R. Rama Kumar Professor, School of Development Studies Tata Institute of Social Sciences New Campus, Deonar, Mumbai 400088 Miss Dr. Ruby Ojha Professor and Head Department of Economics 4 th floor, Annex Building, SNDT Women's University, 1, N T Road, New Marine Lines, Mumbai- 400020
Industry Representative	Shri. Gopal Chande Deputy Manager, Axis Asset Management Co. Ltd. Axis House, 1 st Floor, C-2 Wadia International Centre, Pandurang Budhakar Marg, Worli, Mumbai – 400 025.
Students Alumnus	Mr. Akash Amal D/6, Rajrajeshwari Society Narayan Nagar, LBS Road, Ghatkopar (West), Mumbai - 86 Miss. Mitu Daga Executive, Agricultural Policies and Outreach UPL Pvt. Ltd, CST No 610 B/2, Behind, Off Western Express Highway, Teachers' Colony, Bandra (East), Mumbai – 400051.



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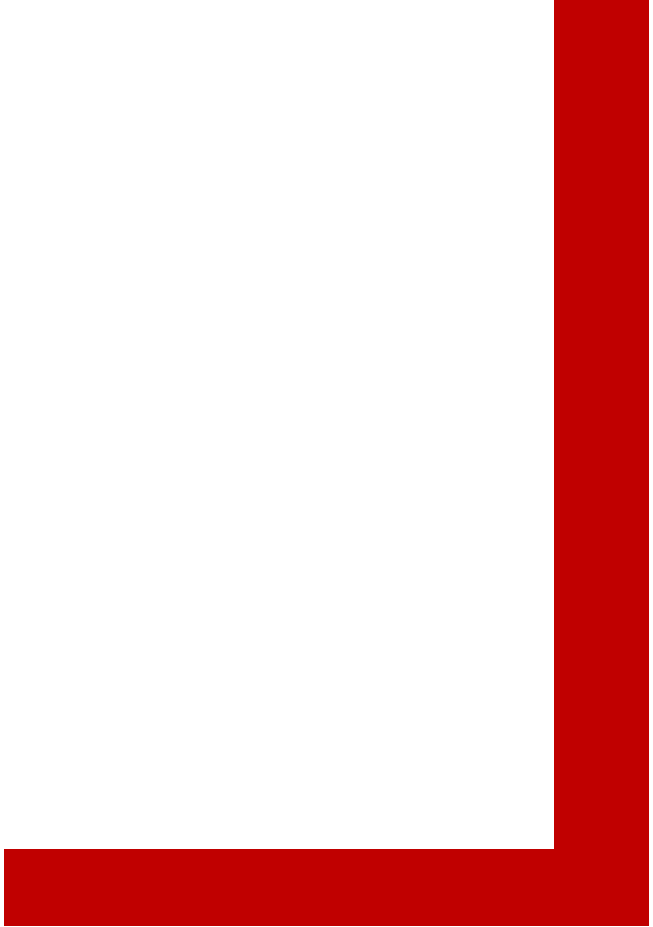
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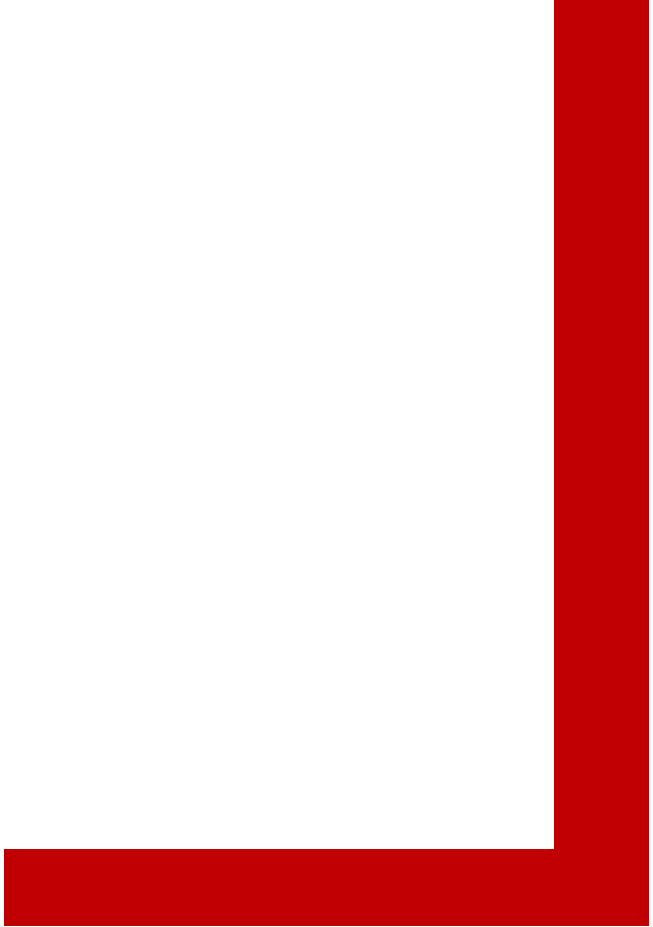
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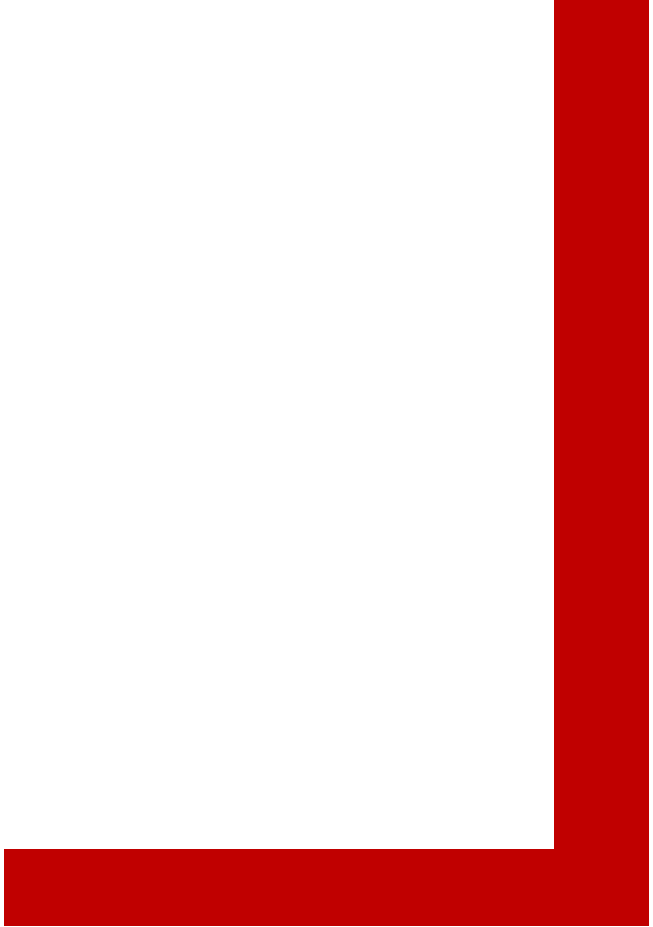
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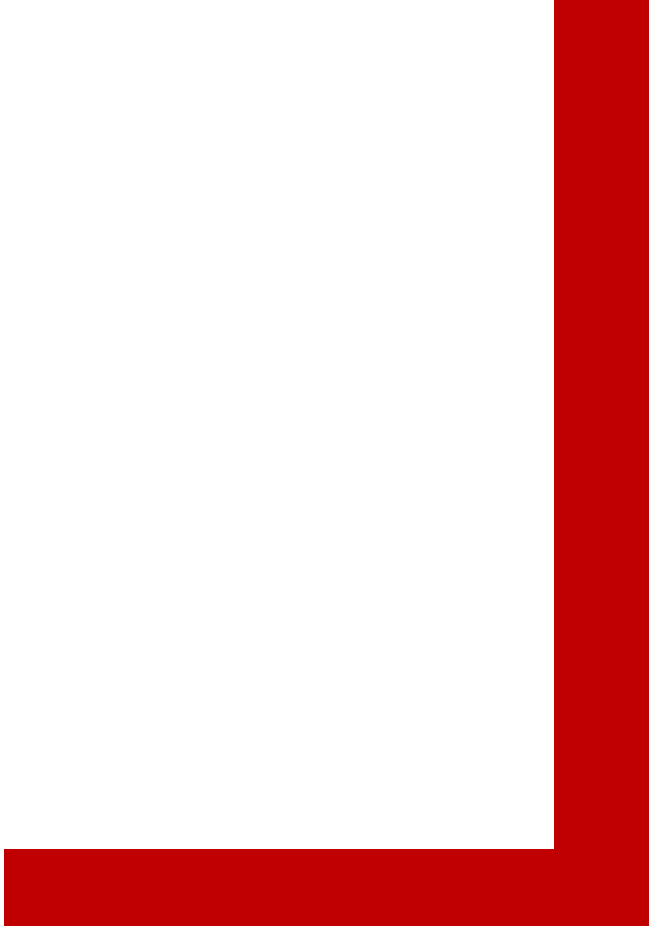
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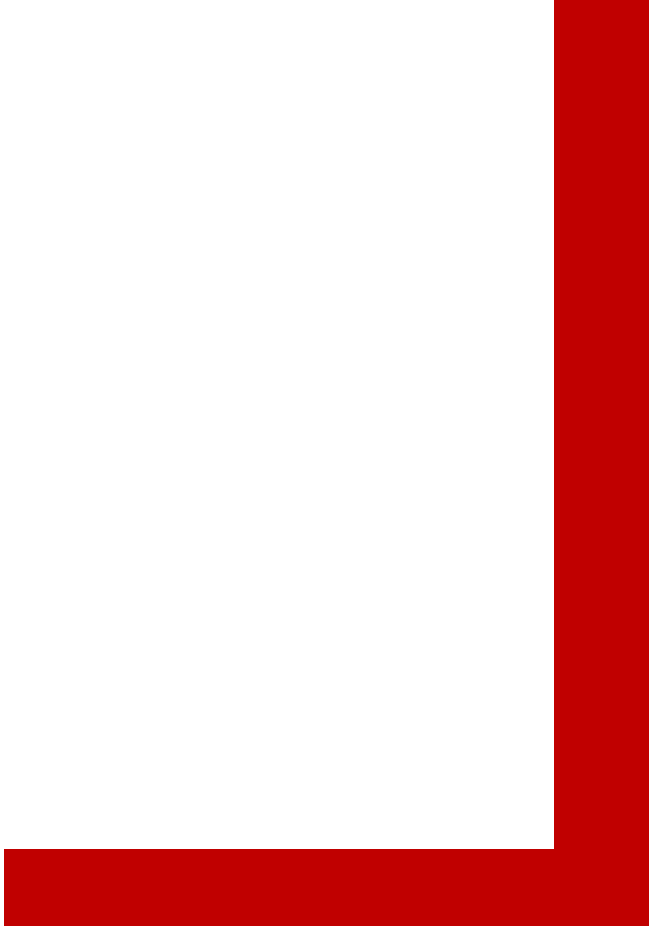
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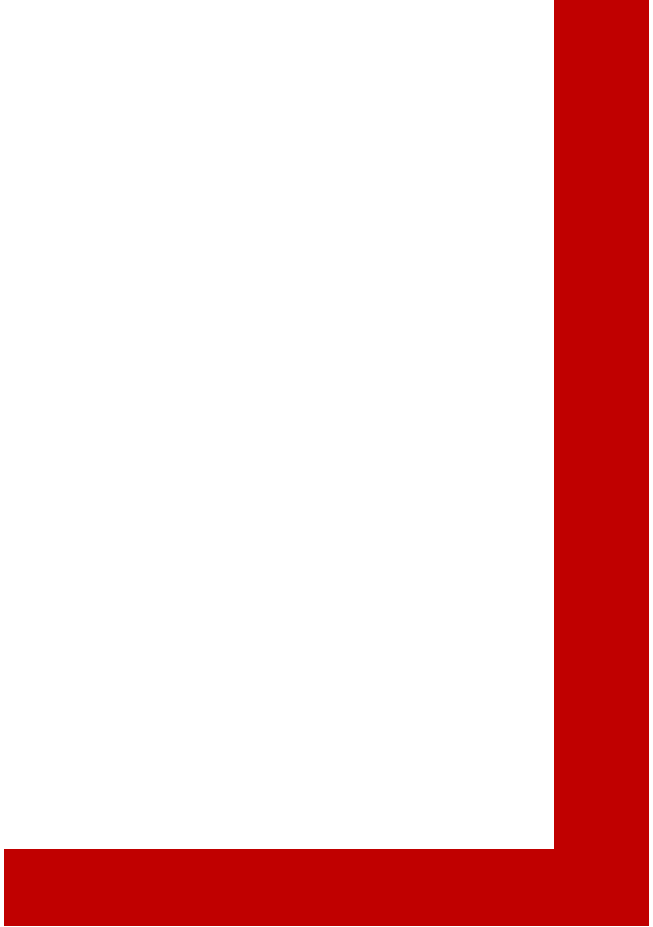
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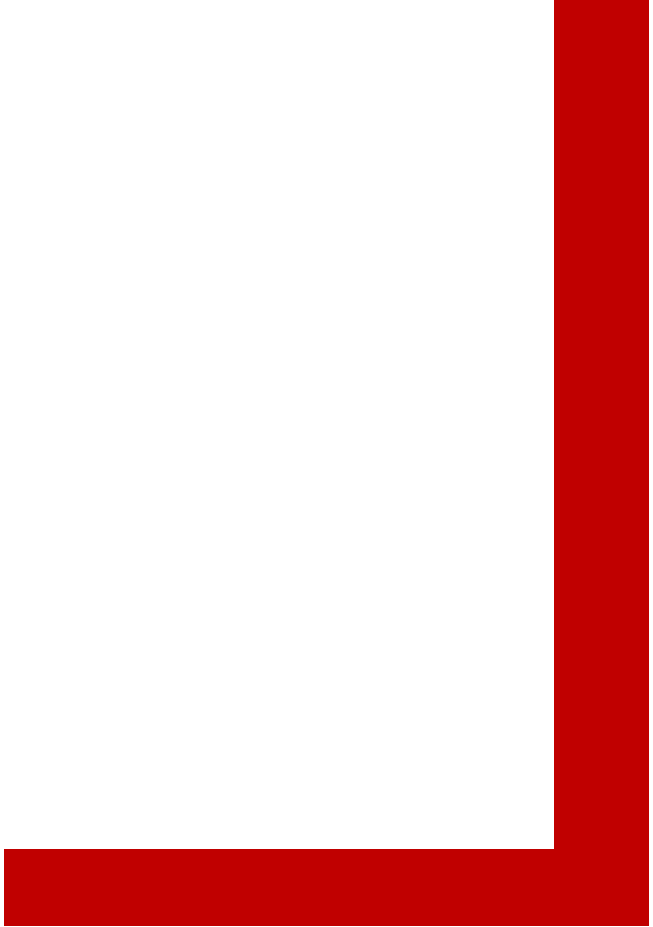
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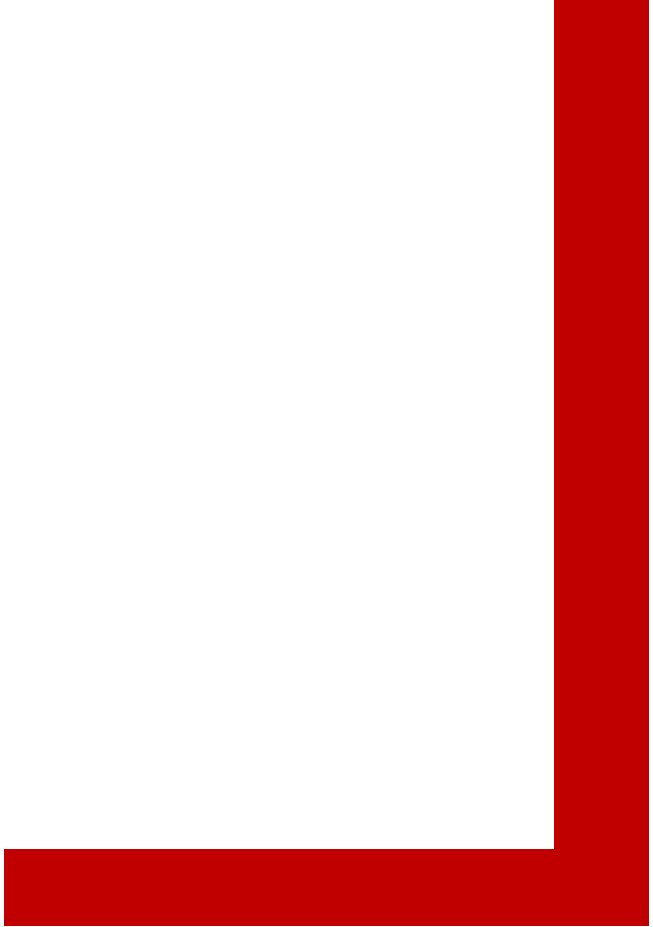
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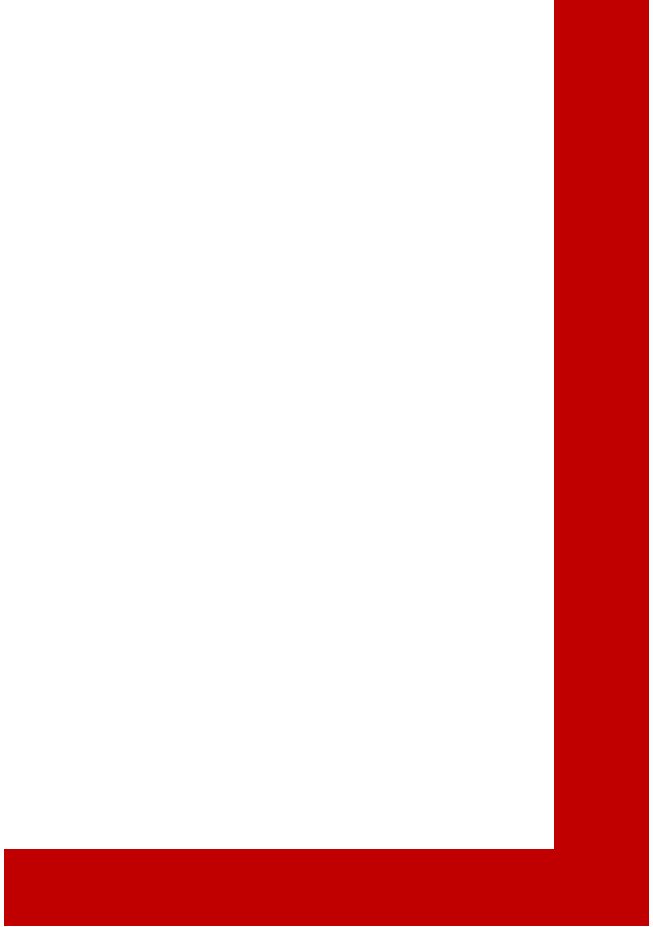
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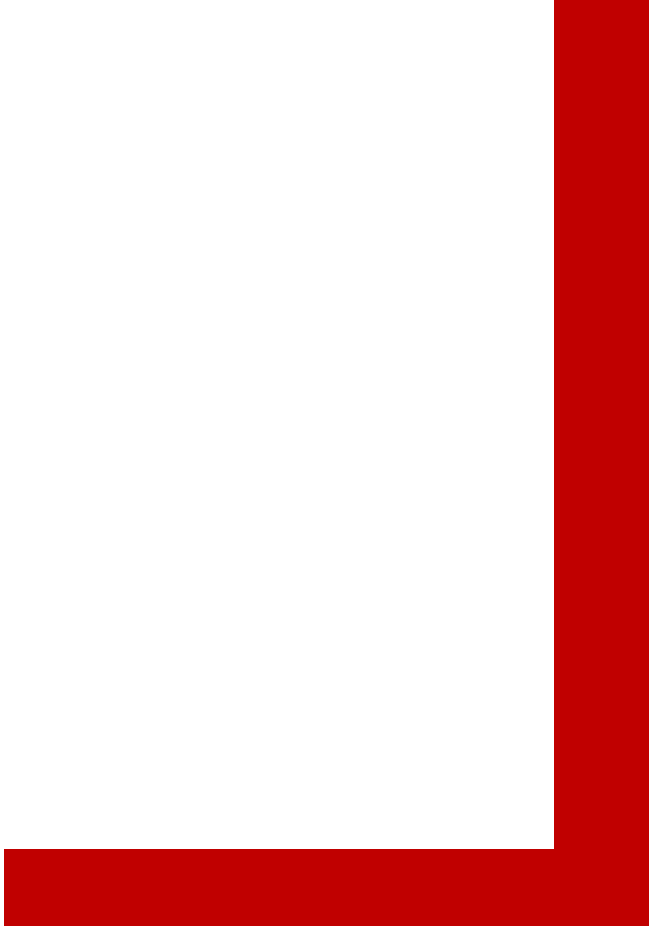
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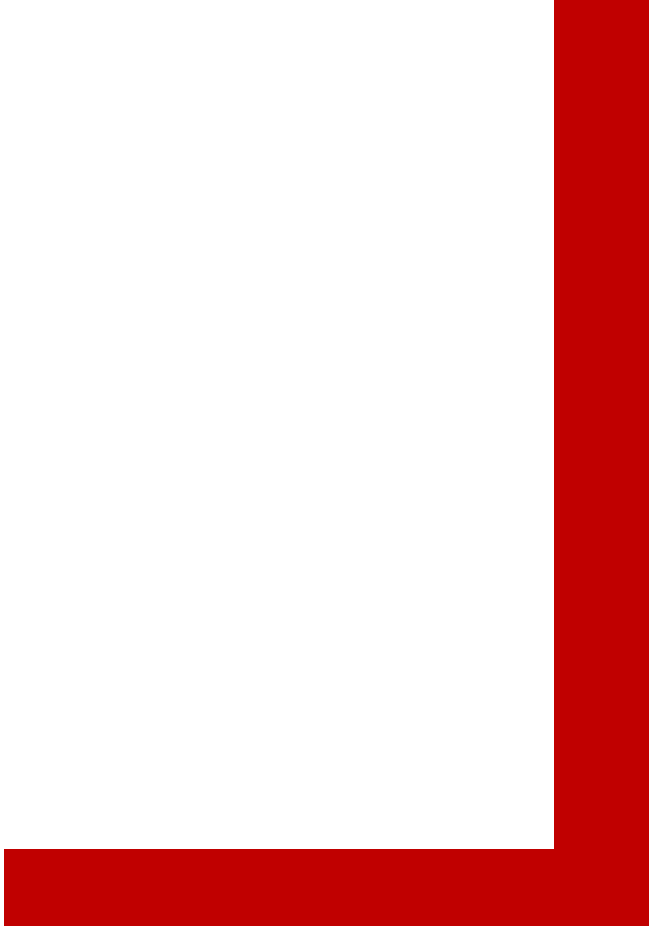
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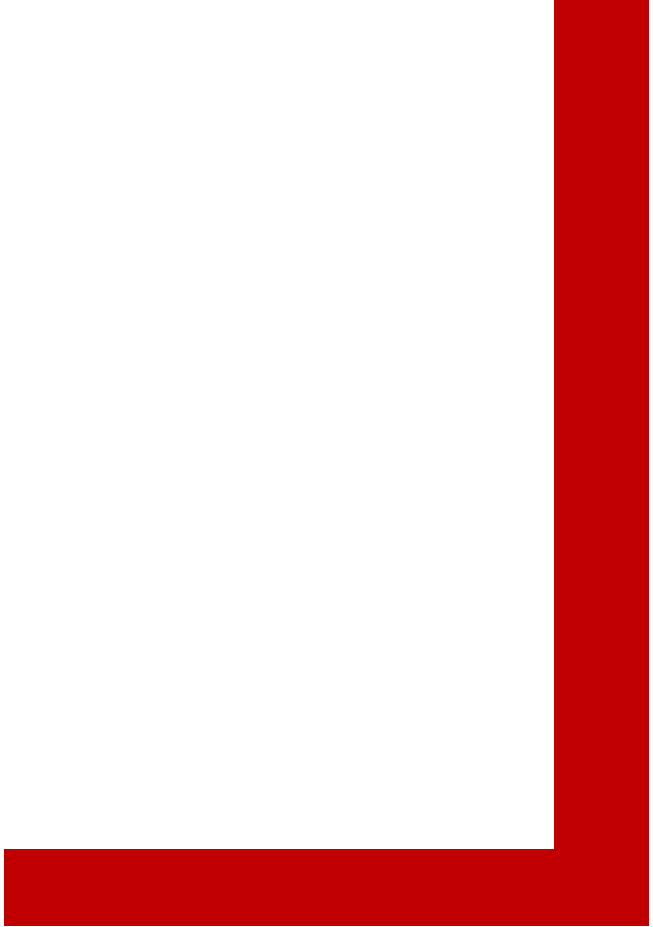
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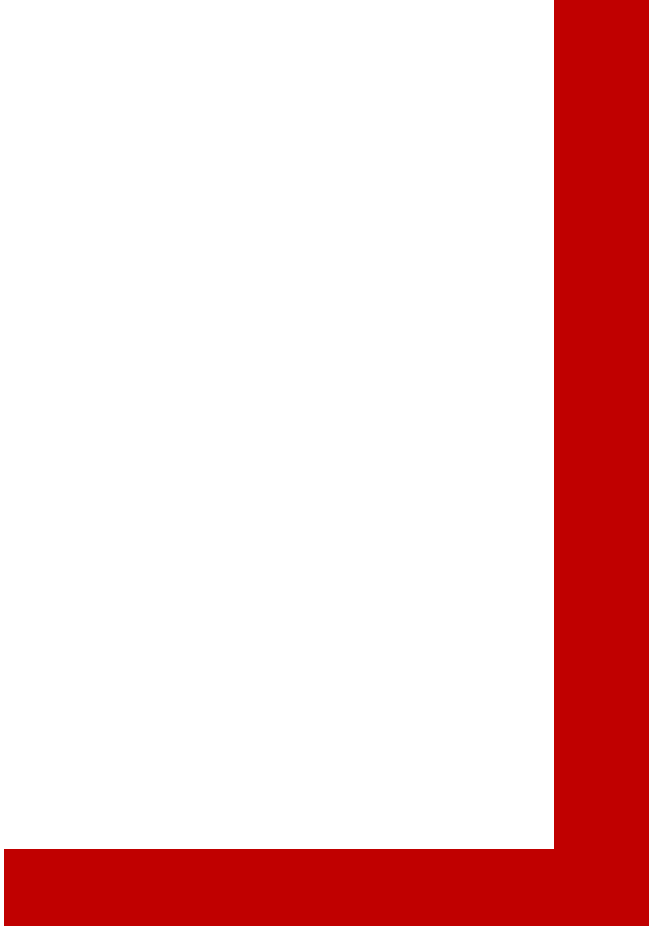
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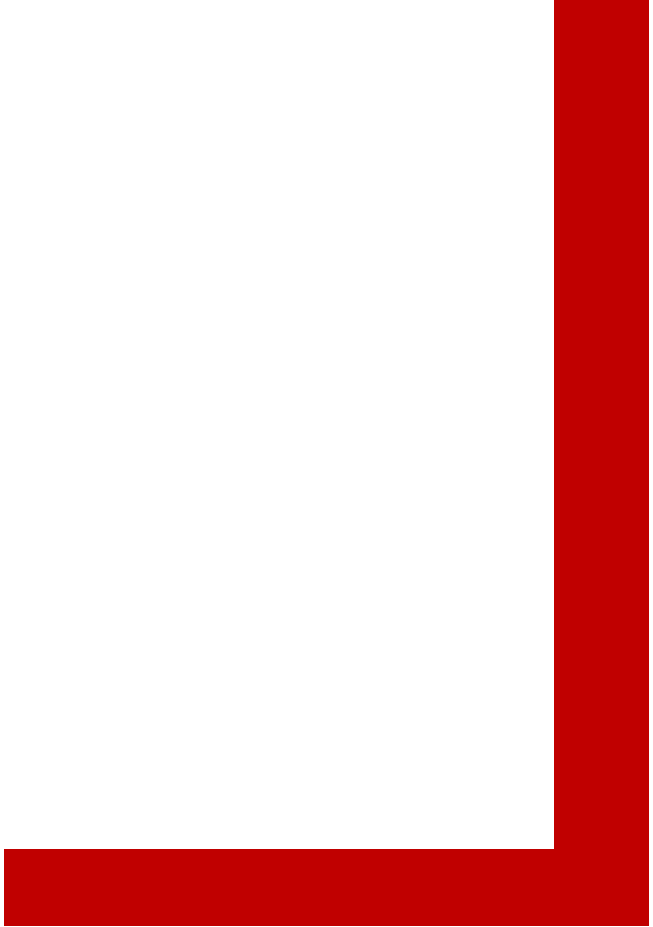
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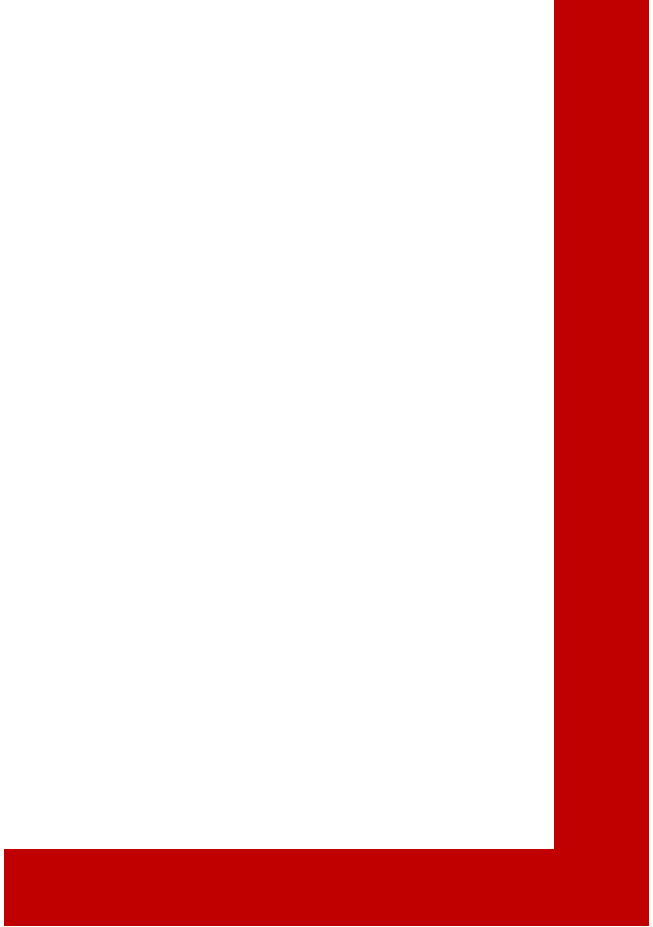
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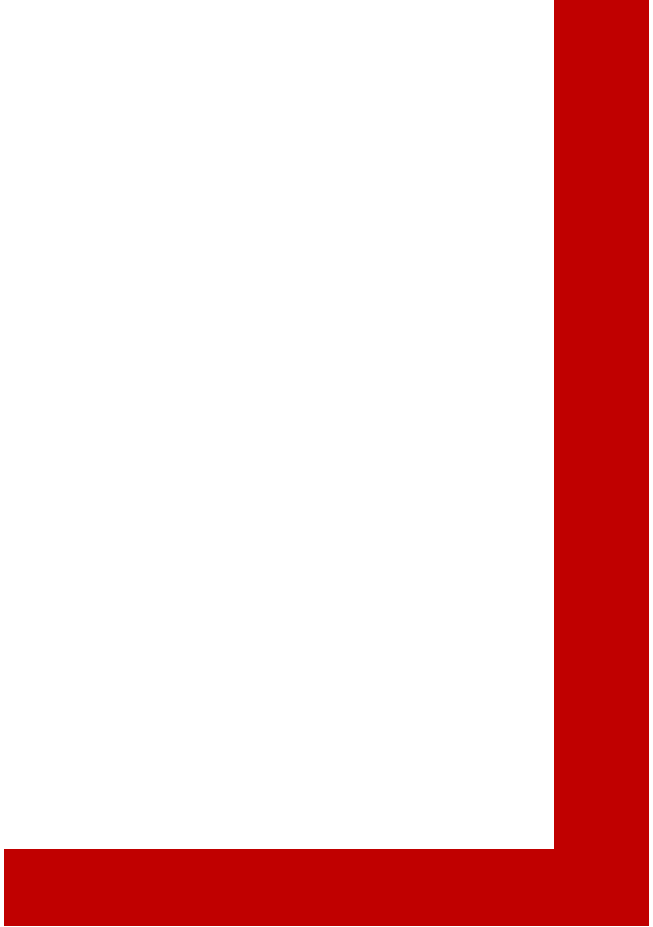
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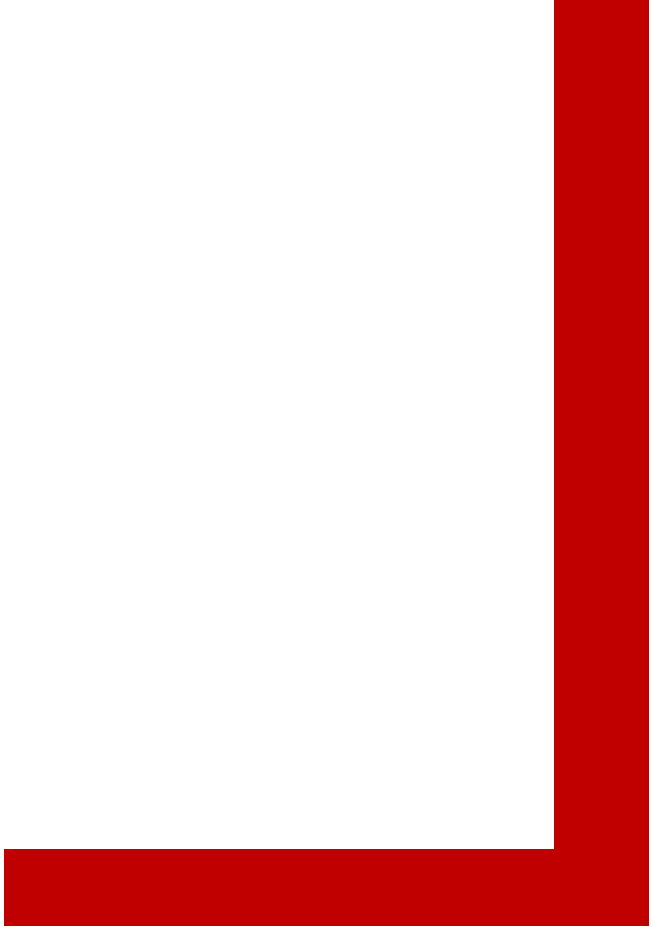
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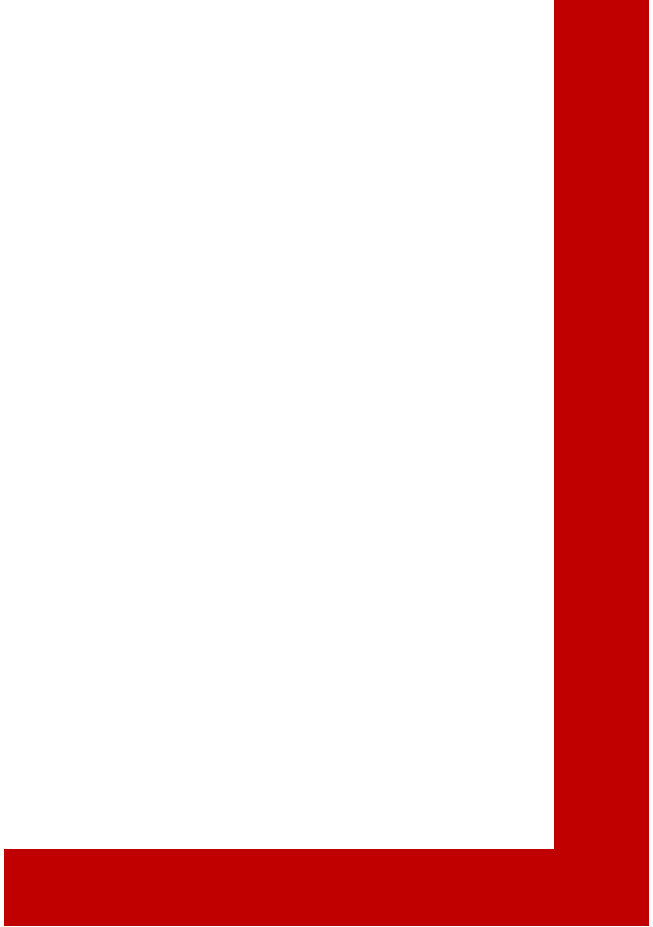
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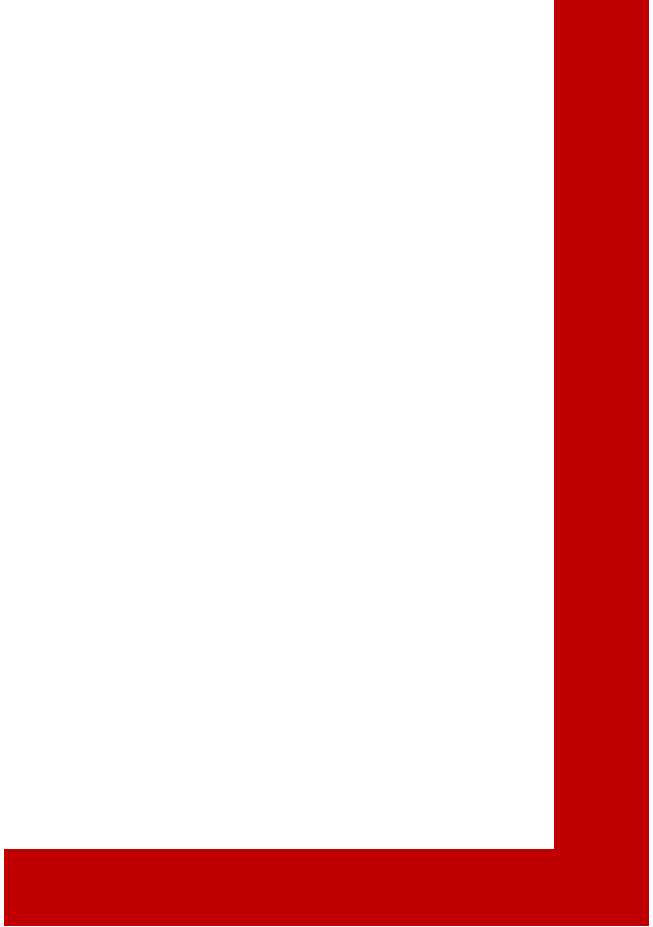
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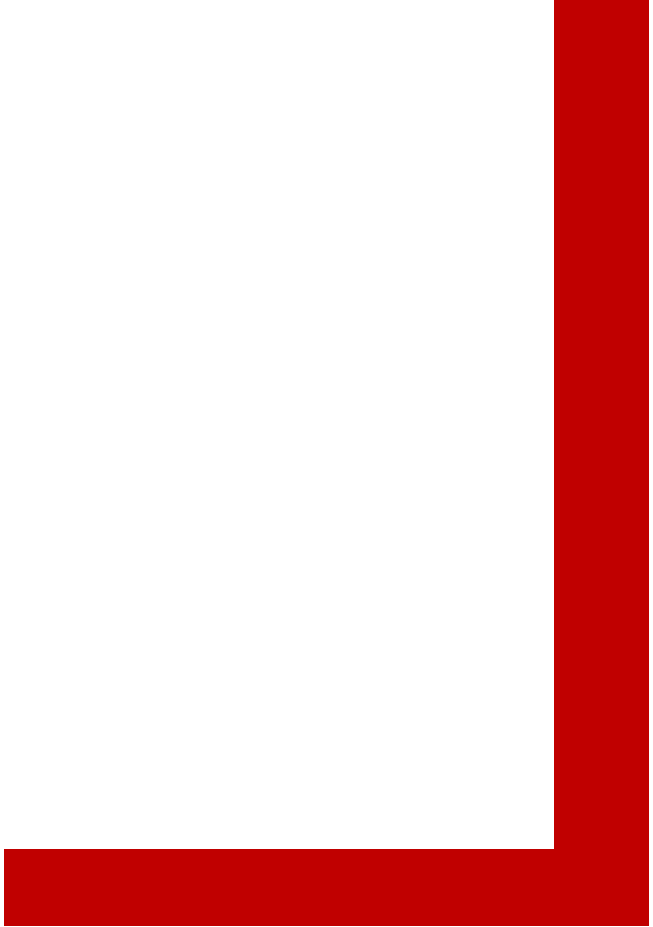
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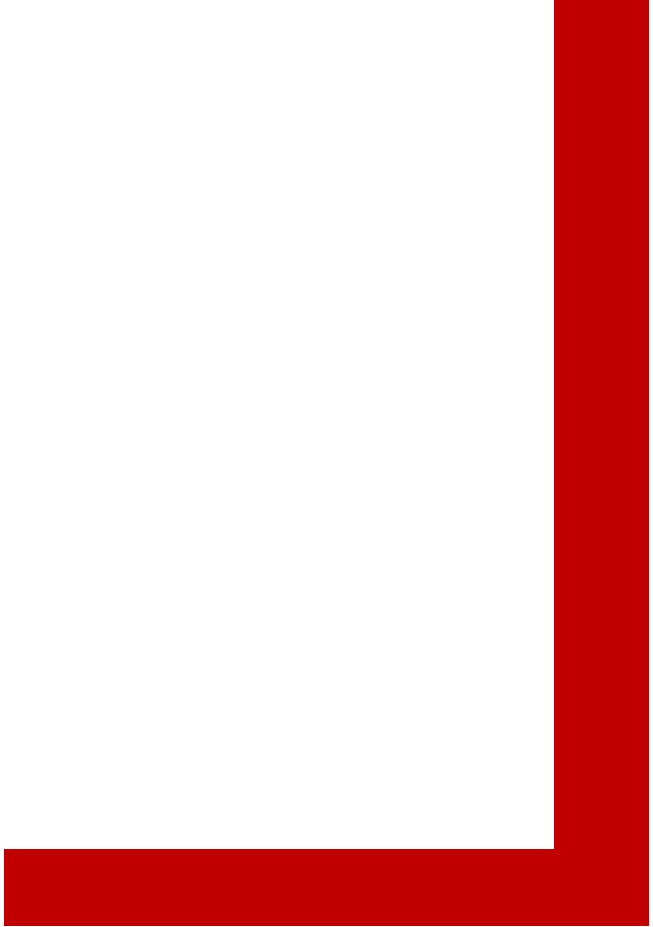
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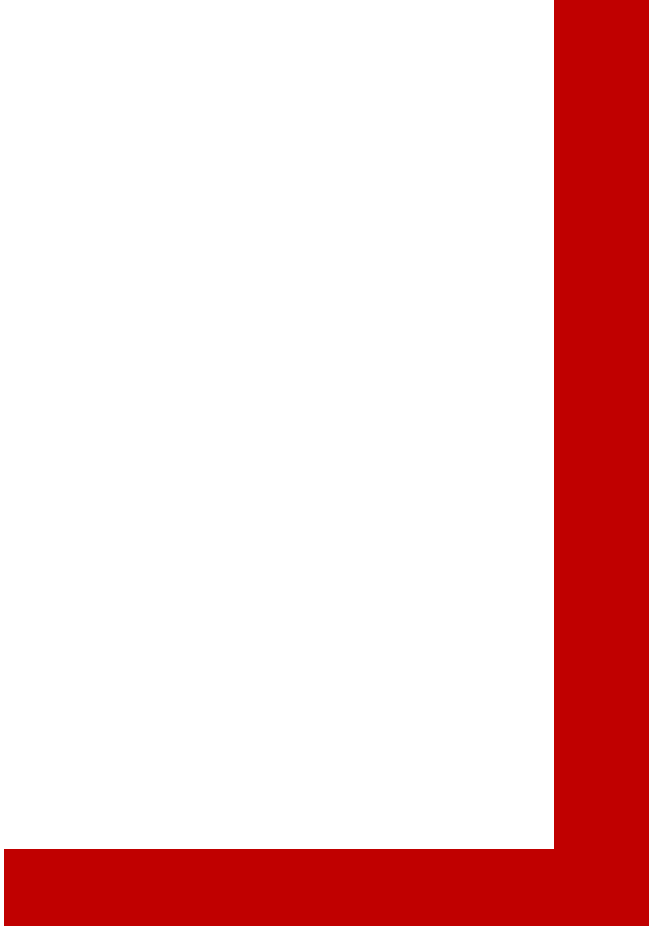
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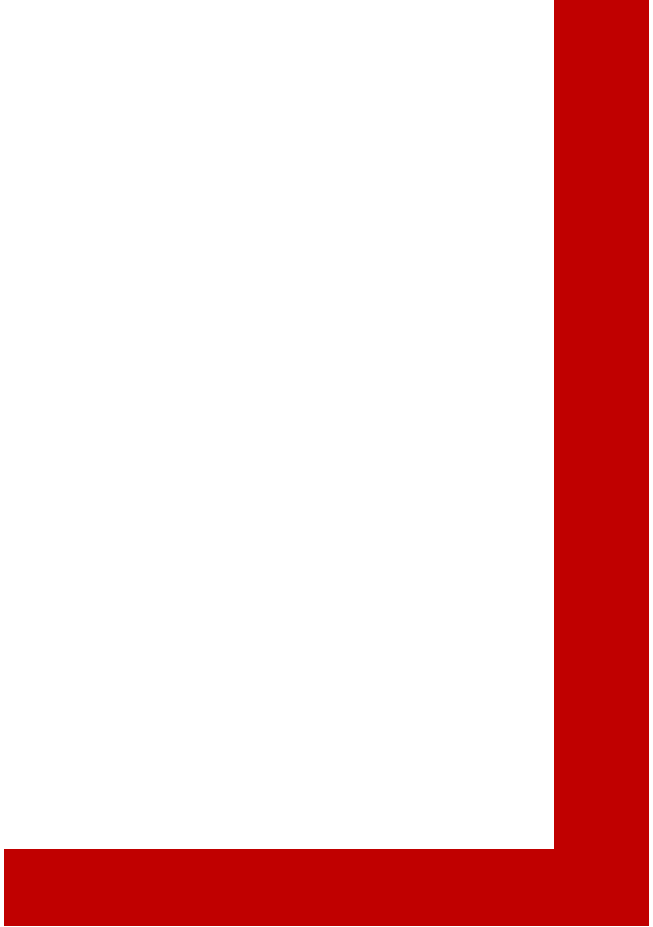
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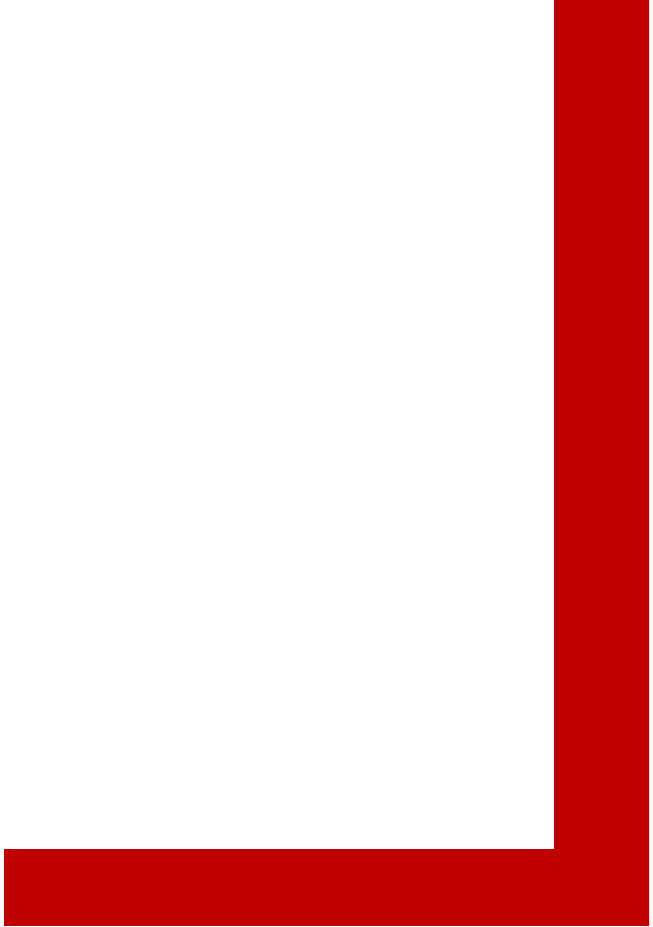
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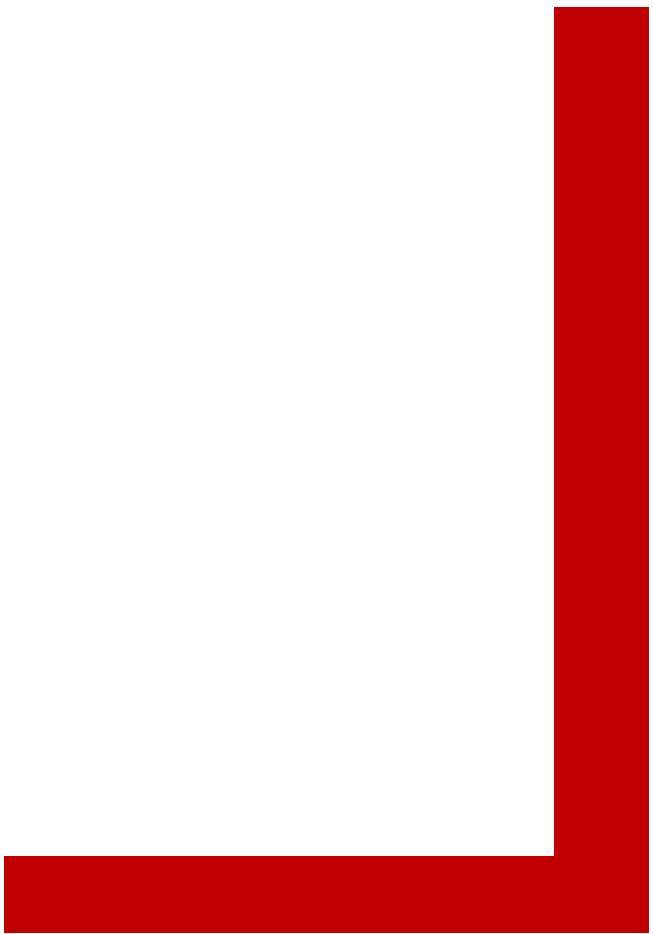
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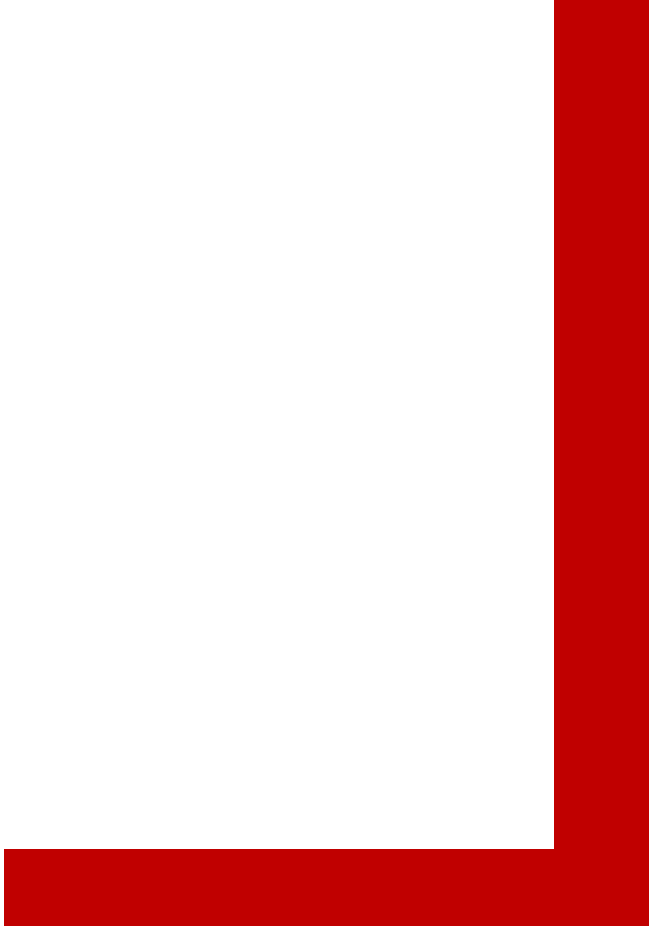
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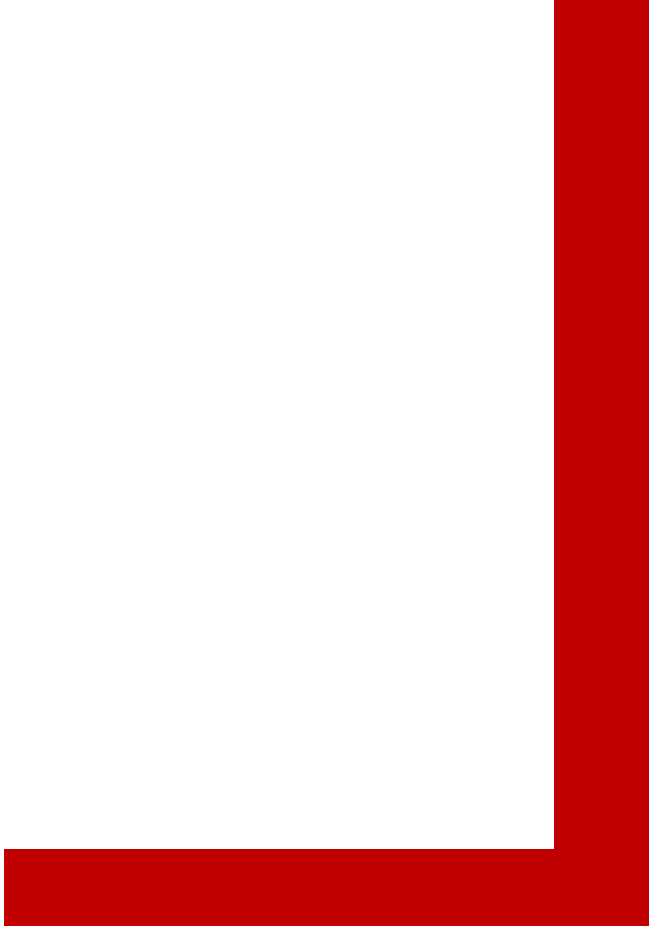
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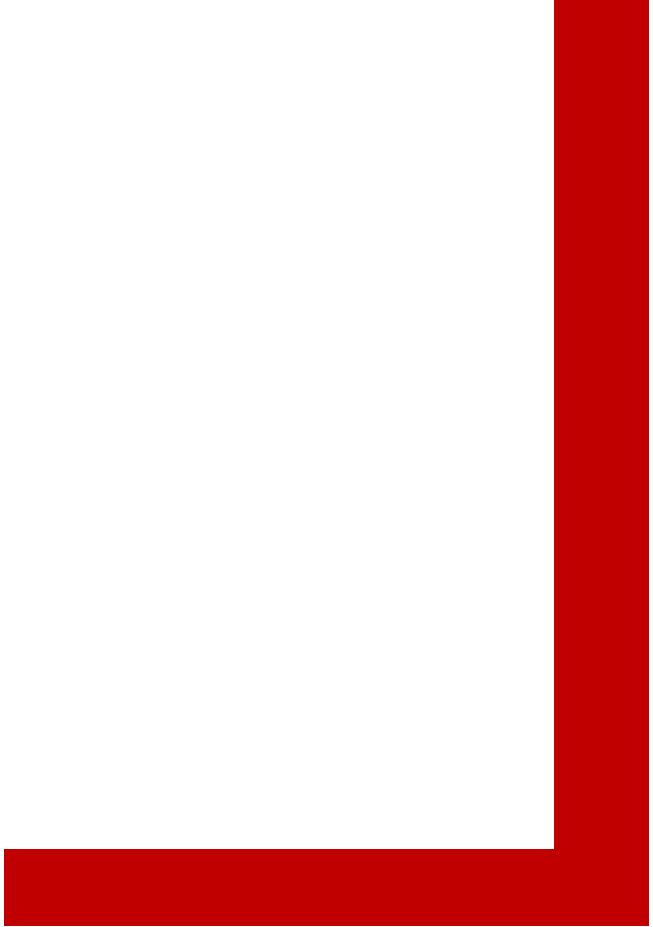
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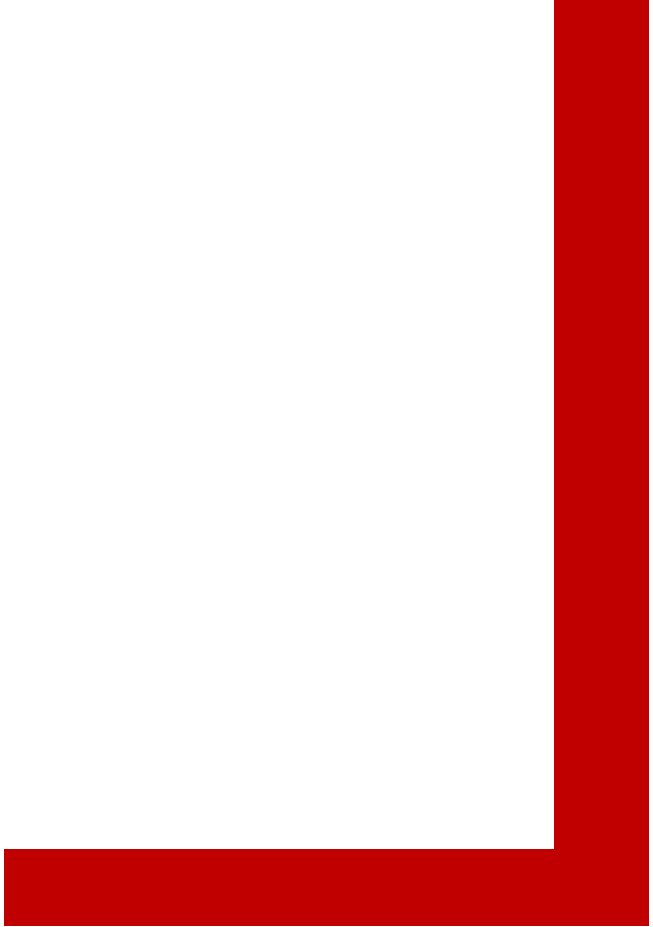
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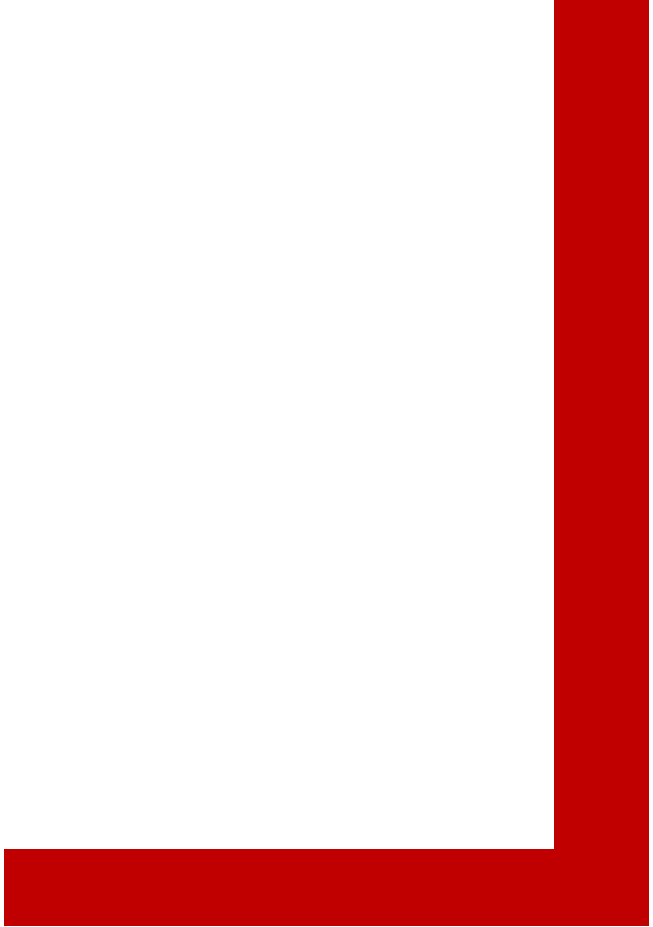
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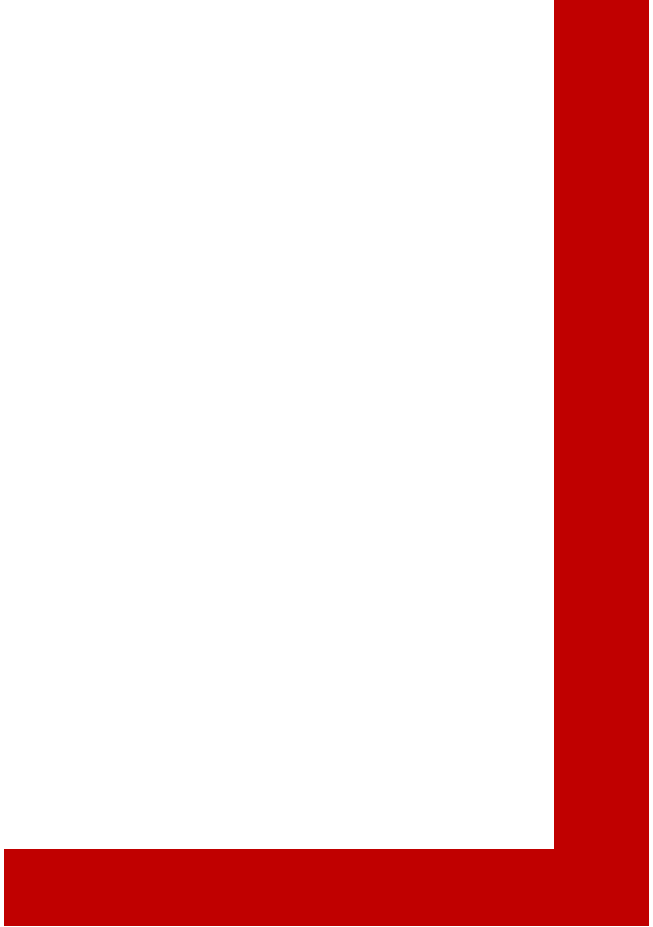
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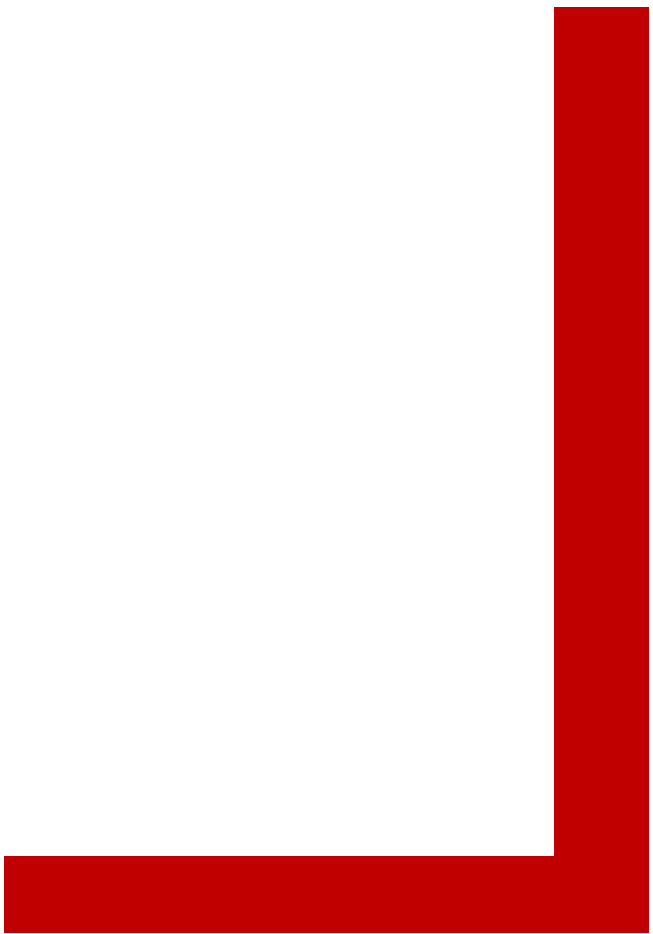
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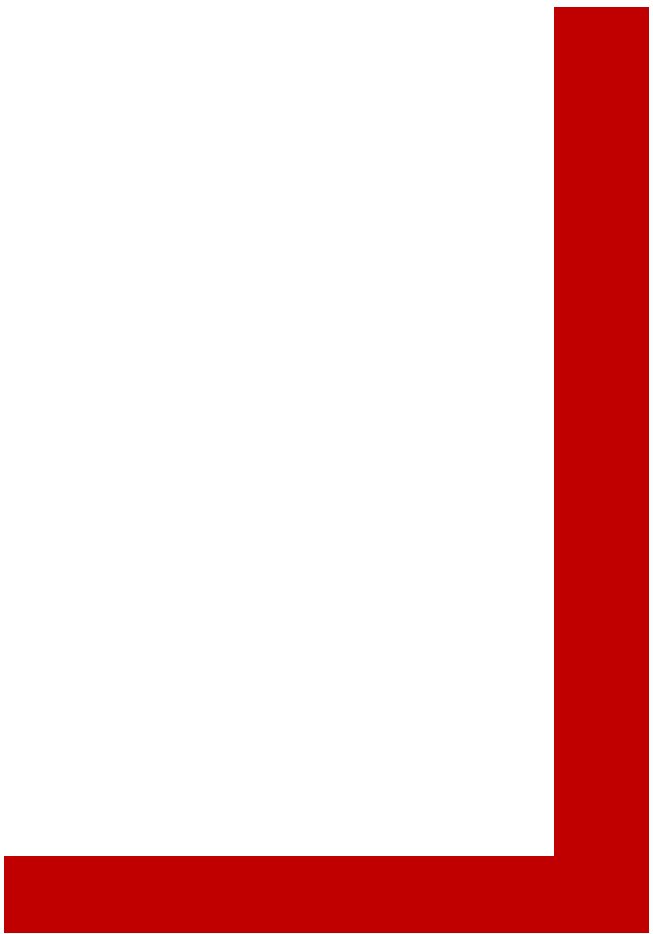
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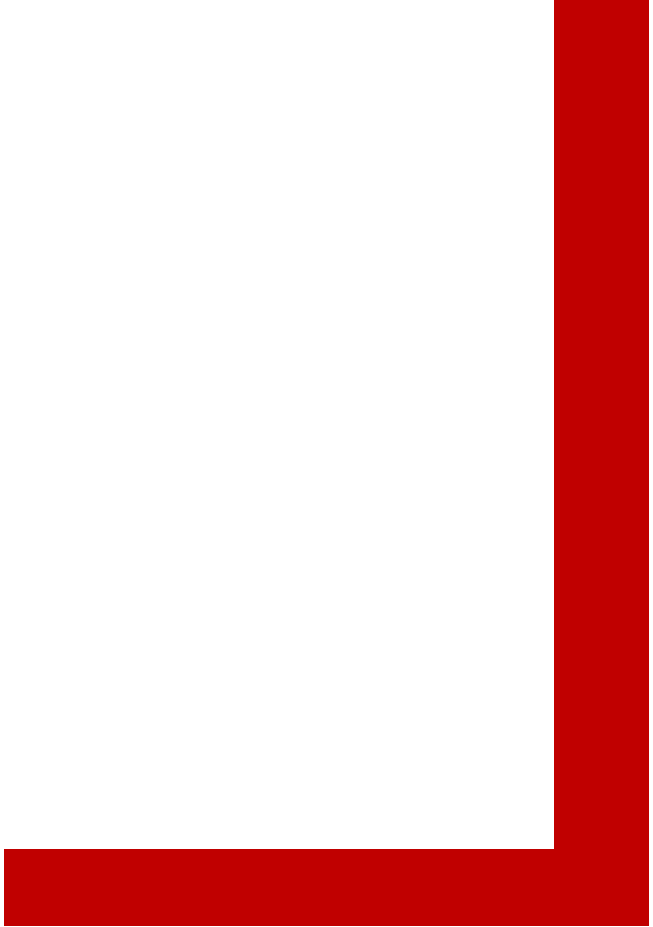
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