

# SOLAPUR UNIVERSITY, SOLAPUR

## New Syllabus

### B. Com. II

### “Business Economics”

(w. e. f. June 2009)

#### Objectives of the paper are as follows –

- 1) To explain the basic concepts and theories in Macro Economic to the students.
- 2) To inform the Macro Economics policies and changes in various macro economic theories to the students.

#### SECTION – I

#### Periods

#### Unit - I : Macro Economics

(15 Periods)

Meaning, Nature, Scope, Significance Limitations, Macro Economic Variables and Economic Models

#### Unit - II : National Income

(15 Periods)

- A) Meaning and concepts – GDP, GNP, NNP, personal income and disposable income, per capita income, national income at current prices, constant prices, green GDP and green accounting method.
- B) Methods of computing national income and its difficulties.
  - i) Production method
  - ii) Income method
  - iii) Expenditure method
- C) Importance national income data

#### Unit - III : Value of Money

(15 Periods)

- A) Concepts of value of money, quality theory of money, transaction approach, cash balance approach, restatement of quantity theory of money by Milton Friedman.
- B) Inflation and definition  
Causes, Effects and Controls
- C) Index numbers  
Meaning and construction of simple and weighted index numbers, difficulties in construction of index number.

**Unit - IV : Output and Employment**

(15 Periods)

- A) Say's Law of Market
- B) Consumption function – Average and marginal propensity to consume- factors influencing consumption function.
- C) The investment multiplier principle.
- D) Investment functions – Marginal efficiency and its importance.

**SECTION – II**

**Unit - V : Business Cycles**

(15 Periods)

- A) Meaning and phases
- B) Theories of business cycles – Hawtrey, Havek and Schumpeter
- C) Control of business cycles

**Unit - VI : Public Finance**

(15 Periods)

- A) Meaning nature and scope of public finance – The principle of maximum social advantages.
- B) Direct and indirect taxes, effects of taxation – concepts of Value Added Tax (VAT) and its importance.
- C) Public expenditure
  - Causes of growth in public expenditure, effects of public expenditure
- D) Public debt
  - Kinds of public debts, causes and effects of public debt.
- E) Public budget
  - Kinds of budgets, concepts of fiscal responsibilities

**Unit - VII : International Trade**

(15 Periods)

- A) Free trade and protectionism
- B) Advantages and disadvantages, Ricardian theory of international trade, terms of trade, factors influencing, terms of trade.
- C) Balance of payments – disequilibrium – causes of remedies

**Unit - VIII : Foreign Exchange**

(15 Periods)

- A) Exchange rate – fixed and floating, spot and future
- B) Exchange rate determination
- C) Purchasing power parity theory.

## Suggested Readings

### Reference Books

- 1) Monetary Theory – Vaisha M. C.
- 2) Principles of Economics – Agarwal H. S.
- 3) Advanced Economic Theory - Jhingan M. L.
- 4) Economics – Benkam
- 5) Theory of International Trade – Haberler
- 6) Economics of J. M. Keynes – Dillard Dudley
- 7) Economics, 114 Ed. By P. A. Samuelson and William D. Nordhan (McGraw Hill International)
- 8) An Introduction of Positive Economics – R. G. Lipsey & K. A. Criyatal (8<sup>th</sup> Ed.) ELBS, Oxford University Press.
- 9) Monetary Theory – K. K. Dewett
- 10) Modern Economic Theory – D. M. Mithani

## **Distribution of Marks for the University exams for all faculties.**

1.(a) 20% Marks – Objectives questions.

40% Marks – Short notes / Short answer type questions/ Short Mathematical type questions.

40% Marks – Descriptive type questions / Long Mathematical type questions

Out of 20% Marks for objective questions 10% marks should be assigned to multiple choice questions and remaining 10% be assigned to fill in the blanks / answer in one sentence etc. However, each faculty may decide nature and types of questions to be set subject to distribution of above percentage of marks.

(b) One descriptive type question will be Compulsory Paper setter should mention approximate words limit for short note / short answer type questions except Diagrammatical and Numerical questions.