

St. Xavier's College (Autonomous), Ahmedabad

FACULTY OF ARTS

DEPARTMENT OF ECONOMICS (SF)

BA. Hons. (Economics) SF

SEMESTER-2

Major Course – 1: Microeconomics-1

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course Title & Code	Credit Distribution of The Course			Eligibility Criteria	Pre-requisite(s) of the Course (if any)
	Lectures	Tutorial	Practical / Practice		
Microeconomics-1 (ECH-2501)	4	0	0	10 + 2 from a recognized board in any stream	Basic Knowledge

Learning Objectives (LO):

1. Understand and analyse consumer decision-making through budget constraints, preferences, utility functions, and the impact of changes in income, prices, and government policies.
2. Apply the Slutsky equation to differentiate between the substitution and income effects, evaluating their role in shaping consumer demand and labour supply decisions.

Course Outcomes (CO):

1. Utilize economic models to interpret consumer choice behaviour, demand functions, and market responses to taxation, subsidies, and price changes.
2. Assess the implications of labour supply decisions, endowment changes, and the interplay between income and substitution effects on consumer welfare and market equilibrium.

Unit-1: Budget, Preferences & Utility

The Budget Constraint, Two Goods Are Often Enough, Properties of the Budget Set, How the Budget Line Changes, The Numeraire, Taxes Subsidies and Rationing, The Food Stamp Program Budget Line Changes, Consumer Preferences, Assumptions about Preferences, Indifference Curves, Examples of Preferences, Perfect Substitutes, Perfect Complements, Bads, Neutrals, Satiation, Discrete Goods, Well-Behaved

Preferences, The Marginal Rate of Substitution, Other Interpretations of the MRS, Behaviour of the MRS, Cardinal Utility, Constructing a Utility Function, Some Examples of Utility Functions, Indifference Curves from Utility, Perfect Substitutes, Perfect Complements, Quasilinear Preferences, Cobb-Douglas Preferences, Marginal Utility, Marginal Utility and MRS, Utility for Commuting

Unit-2: Choice & Demand

Optimal Choice, Consumer Demand, Some Examples, Perfect Substitutes, Perfect Complements, Neutrals and Bads, Discrete Goods, Concave Preferences, Cobb-Douglas Preferences, Estimating Utility Functions, Implications of the MRS Condition, Choosing Taxes, Cobb-Douglas Demand Functions, Normal and Inferior Goods, Income Offer Curves and Engel Curves, Some Examples, Homothetic Preferences, Quasilinear Preferences, Ordinary Goods and Giffen Goods, The Price Offer Curve and the Demand Curve, A Discrete Good, Substitutes and Complements, The Inverse Demand Function

Unit-3: Slutsky Equation

The Substitution Effect, The Income Effect, Calculating the Substitution Effect, Calculating the Income Effect, Sign of the Substitution Effect, The Total Change in Demand, Rates of Change, The Law of Demand, Examples of Income and Substitution Effects, Rebating a Tax, Voluntary Real Time Pricing, Another Substitution Effect, Compensated Demand Curves, Rebating a Small Tax

Unit-4: Buying & Selling

Net and Gross Demands, The Budget Constraint, Changing the Endowment, Price Changes, Offer Curves and Demand Curves, The Slutsky Equation Revisited, Use of the Slutsky Equation, Calculating the Endowment Income Effect, Labour Supply, The Budget Constraint, Comparative Statics of Labour Supply, Overtime and the Supply of Labour

Reference Text:

- "Intermediate Economics" by Hal Varian

Suggestive Reading:

- "Microeconomics- An Advanced Treatise" by SPS Chauhan

- "Principles of Economics" by N. Gregory Mankiw

St. Xavier's College (Autonomous), Ahmedabad

FACULTY OF ARTS

DEPARTMENT OF ECONOMICS (SF)

BA. Hons. (Economics) SF

SEMESTER-2

Major Course – 2: Macroeconomics-1

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course Title & Code	Credit Distribution of The Course			Eligibility Criteria	Pre-requisite(s) of the Course (if any)
	Lectures	Tutorial	Practical / Practice		
Macroeconomics-1 (ECH-2502)	4	0	0	10 + 2 from a recognized board in any stream	Basic Knowledge

Learning Objectives (LO)

1. To provide students with a basic understanding of macroeconomic concepts
2. To introduce basic principles used in macroeconomic analysis.

Course Outcomes (CO)

1. Analyse the basics of Macroeconomics.
2. Prepare for the advanced Macroeconomic theories

Unit 1: Measing National Income

Meaning of National Income —Circular Flow of Income—National Income and National Product — Concepts of National Income: GDP, GNP, NNP, NNP FC, Personal Income and Personal Disposable Income—Measurement of National Income — Value Added Method—Expenditure Method—Income Method

Unit 2: Measuring the Cost of Living

CPI Calculation, CPI Basket, Inflation, GDP Deflator, GDP Deflator vs CPI, Correcting Economic Variables for Inflation, Real vs Nominal Interest Rates, Examples & Calculations.

Unit 3: Production & Growth

Economic Growth around the World, Productivity: Role & Determinant, Importance of Productivity, Determinants of Productivity, Production Function, Economic Growth & Public Policy

Unit 4: Saving, Investment & Financial System

Savings-investment in National Income Accounts, Meaning of Saving vs Investment, market for Loanable Funds, Supply & Demand of Loanable Funds, Saving Incentives, Investment Incentives, Government Budget Deficit & Surpluses.

Suggestive Reading

1. "Principles of Economics" by Mankiw.
2. "Introduction to Economics" by David Begg, Stanley Fischer, and Rudiger Dornbusch.
3. "Macroeconomic Theory" by Froyen.