

St. Xavier's College (Autonomous), Ahmedabad

FACULTY OF ARTS

DEPARTMENT OF ECONOMICS (SF)

BA. Hons. (Economics) SF

SEMESTER-4

Major Course – 1: Microeconomics-3

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-3 (ECH-4501)	4	0	0	10 + 2 from a recognized board in any stream	Basic

Learning Objectives (LO):

1. Understand and analyze the concepts of profit maximization and cost minimization, including short-run and long-run cost structures, cost curves, and economies of scale.
2. Evaluate market structures such as perfect competition, monopoly, and oligopoly, and assess their impact on firm behavior, pricing strategies, and market efficiency.

Course Outcomes (CO):

1. Apply economic principles to determine optimal production and pricing strategies for firms under different market structures, considering factors like taxation, subsidies, and price discrimination.
2. Critically analyze the role of factor markets and strategic interactions in oligopolistic markets, including collusion, leadership strategies, and market regulations.

Unit-1: Profit Maximization, Cost Minimization & Cost Curves

Profits, The Organization of Firms, Profits and Stock Market Value, The Boundaries of the Firm, Fixed and Variable Factors, Short-Run Profit Maximization, Comparative Statics, Profit Maximization in the Long Run, Inverse Factor Demand Curves, Profit Maximization and Returns to Scale, Revealed Profitability, How Do Farmers React to Price Supports?, Cost Minimization, Minimizing Costs for Specific Technologies,

Revealed Cost Minimization, Returns to Scale and the Cost Function, Long-Run and Short-Run Costs, Fixed and Quasi-Fixed Costs, Sunk Costs, Average Costs, Marginal Costs, Marginal Costs and Variable Costs, Specific Cost Curves, Marginal Cost Curves for Two Plants, Cost Curves for Online Auctions, Long-Run Costs, Discrete Levels of Plant Size, Long-Run Marginal Costs

Unit-2: Firm Supply & Industry Supply

Market Environments, Pure Competition, The Supply Decision of a Competitive Firm, An Exception, Another Exception, Pricing Operating Systems, The Inverse Supply Function, Profits and Producer's Surplus, The Supply Curve for a Specific Cost Function, The Long-Run Supply Curve of a Firm, Long-Run Constant Average Costs, Short-Run Industry Supply, Industry Equilibrium in the Short Run, Industry Equilibrium in the Long Run, The Long-Run Supply Curve, Taxation in the Long Run and in the Short Run, The Meaning of Zero Profits, Fixed Factors and Economic Rent, Taxi Licenses in New York City, Economic Rent, Rental Rates and Prices, Liquor Licenses, The Politics of Rent, Farming the Government, Energy Policy, Two-Tiered Oil Pricing, Price Controls, The Entitlement Program, Carbon Tax Versus Cap and Trade, Optimal Production of Emissions, A Carbon Tax, Cap and Trade

Unit-3: Monopoly & Monopoly Behaviour

Maximizing Profits, Linear Demand Curve and Monopoly, Mark-up Pricing, The Impact of Taxes on a Monopolist, Inefficiency of Monopoly, Deadweight Loss of Monopoly, The Optimal Life of a Patent, Patent Thickets, Managing the Supply of Potatoes, Natural Monopoly, What Causes Monopolies?, Diamonds Are Forever, Pooling in Auction Markets, Price Fixing in Computer Memory Markets, Price Discrimination, First-Degree Price Discrimination, First-Degree Price Discrimination in Practice, Second-Degree Price Discrimination, Price Discrimination in Airfares, Prescription Drug Prices, Third-Degree Price Discrimination, Linear Demand Curves, Calculating Optimal Price Discrimination, Price Discrimination in Academic Journals, Bundling, Software Suites, Two-Part Tariffs, Monopolistic Competition, A Location Model of Product Differentiation, Product Differentiation, More Vendors

Unit-4: Factor Markets & Oligopoly

Monopoly in the Output Market, Monopsony, The Minimum Wage, Upstream and Downstream Monopolies, Choosing a Strategy, Pricing Matching, Quantity Leadership, The Follower's Problem, The Leader's Problem, Price Leadership, Comparing Price Leadership and Quantity Leadership, Simultaneous Quantity Setting, Cournot Equilibrium, Adjustment to Equilibrium, Many Firms in Cournot Equilibrium, Simultaneous Price Setting, Collusion, Punishment Strategies, Price Matching and Competition, Voluntary Export Restraints, Comparison of the Solutions

Reference Text:

- "Intermediate Economics" by Hal Varian

Suggestive Reading:

- "Microeconomics- An Advanced Treatise" by SPS Chauhan

- "Principles of Economics" by N. Gregory Mankiw

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SEMESTER-4

Major Course – 2: Macroeconomics-3

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-3 (ECH-4502)	4	0	0	10 + 2 from a recognized board in any stream	Basic

Learning Objectives:

1. Analyse the IS-LM framework and its application in understanding macroeconomic equilibrium and policy impacts.
2. Examine employment dynamics, wage rigidity, and their effects on macroeconomic stability.

Course Outcomes:

1. Evaluate the relationship between national income, savings, balance of payments, and the money supply in economic growth.
2. Assess the determinants of private consumption, investment, and long-term economic growth using theoretical models.

Unit-1: Determining IS-LM Equilibrium

Critical Questions, Walras' Law, Nominal Versus Real Rate of Interest, The IS Curve, Parametric Shifts of the IS Curve, Slope of the IS Curve, The LM Curve, Impact of Varying the Money Supply, Slope of the LM Curve, IS and LM—Fiscal and Monetary Policy, Interest Rate Targets and Monetary Policy, Crowding Out, Fiscalist and Monetarist Intervention, IS-LM in India, Ricardian Equivalence.

Unit 2: Employment Dynamics

Theories of detailed employment, Role of labour market dynamics in macroeconomic stability, Wage rigidity and its implications for unemployment, Structural vs. cyclical unemployment in modern economies.

Unit-3: National Income, Savings, the Balance of Payments, and the Money Supply

Aggregate Output, Real Income, Nominal Income, GDP Deflator, National Income from Expenditure & Income Side, The Sources and Use of Savings, The Balance of Payments, Forex Reserves: Index of Economic Strength, The Money Supply, Bank Balance Sheets and the Money Supply, Does Money Have a Future, The Money Multiplier, Open-Market Operations and Reserves, , Notes, Test Yourself, Online Application, The Formula for the Money Multiplier

Unit-4: Private Consumption, Private Investment & Growth

Keynes on Consumption, Consumption Smoothing, Intertemporal Constraints and Preferences, Time Preference and the Permanent Income, Emotions and Intertemporal Decisions, Private Investment Decisions, Residential and Inventory Investment.

Suggestive Reading

1. "Macroeconomics: Theory and Policy" by Errol D'Souza.
2. "Macroeconomics" by N. Gregory Mankiw.
3. "Macroeconomics: Theories and Policies" by Richard T. Froyen.

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SEMESTER-4

Major Course – 3: Economics of Development-2

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		
Economics of Development-2 (ECH-4503)	4	0	0	10 + 2 from a recognized board in any stream	Basic

Course Outcomes (COs):

1. Understand and critically analyse classical and contemporary theories of economic development, including their assumptions, implications, and criticisms, to evaluate their relevance in modern-day contexts.
2. Apply theoretical frameworks and empirical models to analyse issues related to poverty, inequality, population growth, and economic underdevelopment in developing economies.

Learning Objectives (LOs):

1. Explain the key components of classic theories such as Rostow's stages of

growth, the Harrod-Domar model, and the Lewis structural change model, and assess their practical implications for economic policy.

2. Examine the causes and consequences of poverty and inequality, utilizing tools such as Lorenz curves, Gini coefficients, and multidimensional poverty measures, and suggest policy interventions for inclusive development.

Unit 1: Poverty, Inequality, and Development

Measuring Inequality, Size Distributions, Lorenz Curves, Gini Coefficients and Aggregate Measures of Inequality, The Ahluwalia-Chenery Welfare Index (ACWI), Measuring Absolute Poverty, Income Poverty, Multidimensional Poverty Measurement, Poverty, Inequality, and Social Welfare, What is it About Extreme Inequality That's So Harmful to Economic Development?, Dualistic Development and Shifting Lorenz Curves: Some Stylised Typologies, Kuznets's Inverted-U Hypothesis, Growth and Inequality, Absolute Poverty: Extent and Magnitude, The Multidimensional Poverty Index (MPI), Economic Characteristics of High-Poverty Groups, Children and Poverty, Women and Poverty, Ethnic Minorities, Indigenous Populations, and Poverty, Growth and Poverty, Labour, the Functional Distribution of Income, and Inclusive Development, The Functional Distribution, Labour and Inclusive Development, Policy Options on Income Inequality and Poverty: Some Basic Considerations, Areas of Intervention, Altering the Functional Distribution of Income Through Relative Factor Prices: Minimum Wage and Capital Subsidy Debates, Modifying the Size Distribution Through Increasing Assets of the Poor, Progressive Income and Wealth Taxes, Direct Transfer Payments and the Public Provision of Goods and Services, Applying Insights from Behavioural Economics to Address Poverty, Summary and Conclusions: The Need for a Package of Policies, Case Study: India – Complex Challenges and Compelling Opportunities

Unit 2: Population Growth and Economic Development

The Basic Issue: Population Growth and the Quality of Life, Population Growth: Past, Present, and Future, World Population Growth Throughout History, Structure of the World's Population, Demographic Structure and the Hidden Momentum of Population Growth, Demographic Structure and the Demographic Transition, The Causes of High Fertility in Developing Countries: The Malthusian and Household Models, The Malthusian Population Trap, Criticisms of the Malthusian Model, The Microeconomic Household Theory of Fertility, The Demand for Children in

Developing Countries, Implications for Development and Fertility, The Consequences of High Fertility: Some Conflicting Perspectives, It's Not a Real Problem, It's a Deliberately Contrived False Issue, It's a Desirable Phenomenon, It Is a Real Problem, Goals and Objectives: Toward a Consensus, Some Policy Approaches, What Developing Countries Can Do, What the Developed Countries Can Do, How Developed Countries Can Help Developing Countries with Their Population Programmes, Policy for Still-Developing Countries Facing Population Declines, Case Study: "Twins" Growing Apart – Burundi and Rwanda

Unit 3: Urbanisation and Rural–Urban Migration

Urbanisation: Trends and Living Conditions, The Role of Cities, Industrial Districts, Efficient Urban Scale, Understanding Urban Giants: Causes and Consequences, First-City Bias, The Political Economy of Urban Giants, The Urban Informal Sector, Policies for the Urban Informal Sector, Women in the Informal Sector, Migration and Development, Toward an Economic Theory of Rural–Urban Migration, A Verbal Description of the Todaro Model, A Diagrammatic Presentation, Policy Implications, Conclusion: A Comprehensive Urbanisation, Migration, and Employment Strategy, Case Study: Rural–Urban Migration and Urbanisation in Developing Countries – India and Botswana

Unit 4: Human Capital: Education and Health in Economic Development

The Central Roles of Education and Health, Education and Health as Joint Investments for Development, Improving Health and Education: Why Increasing Income Is Not Sufficient, Investing in Education and Health: The Human Capital Approach, Social Versus Private Benefits and Costs, Child Labour, The Gender Gap: Discrimination in Education and Health, Education and Gender, Health and Gender, Consequences of Gender Bias in Health and Education, Educational Systems and Development, The Political Economy of Educational Supply and Demand: The Relationship Between Employment Opportunities and Educational Demands, Distribution of Education, Health Measurement and Disease Burden, HIV/AIDS, Malaria, Parasitic Worms and Other "Neglected Tropical Diseases", Behavioural Economics Insights for Designing Health Policies and Programmes, Health, Productivity, and Policy, Productivity, Health Systems Policy, Case Study: Pathways Out of Poverty – Progres/Oportunidades in Mexico

Reference Books

1. Todaro, M. P., & Smith, S. C. (2020). Economic Development.
2. Sen, A. (1999). Development as Freedom.
3. Ray, D. (1998). Development Economics.
4. Thirlwall, A. P. (2021). Growth and Development: With Special Reference to Developing