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 (ECHMC221C)	4	0	0	10 + 2 from a recognized board in any stream	Basic Knowledge

Learning Objectives (LO):

1. Understand and analyse consumer behaviour through budget constraints, preferences, indifference curve analysis, utility, optimization, income and substitution effects, and their applications to labour supply and saving decisions.
2. Examine producer behaviour and cost structures through production functions, isoquants, isocosts, producer equilibrium, returns to scale, and the relationship between production and costs in the short run and long run.

Course Outcomes (CO):

1. Utilize economic models to explain consumer choice, derive demand functions, and evaluate the effects of changes in income, prices, wages, and interest rates on economic decisions.
2. Assess producer equilibrium and cost conditions, distinguishing between short-run and long-run production behaviour, economies of scale, and the implications of cost structures for firm decision-making.

Unit-1: Theory of Consumer Choice-I

The Budget Constraint, Consumption Opportunities and Budget Line, Shifts in the Budget Constraint, Consumer Preferences, Indifference Curves, Properties of Indifference Curves, Perfect Substitutes and Perfect Complements, Optimization and Consumer's Optimal Choice, Utility as an Alternative Description of Preferences and Optimization, Effects of Changes in Income on Consumer Choice, Effects of Changes in Prices on Consumer Choice, Income and Substitution Effects, Derivation of the Demand Curve, Applications of Consumer Theory, Giffen Goods, Labour Supply and Wages, Effects of Interest Rates on Household Saving.

Unit-2: Theory of Consumer Choice-II

Income Effect, Income Consumption Curve, Engel Curve, Substitution Effect, Price Effect, Price Consumption Curve, Decomposition of Price Effect into Income and Substitution Effects, Price-Demand Relationship and Derivation of the Law of Demand, Derivation of Individual Demand Curve from Indifference Curve Analysis, Slutsky Substitution Effect and Cost Difference, Slutsky Substitution Effect for Price Changes, Numerical Illustration of Slutsky Substitution Effect, Mathematical Derivation of Consumer Equilibrium using the Lagrangian Method, Optimum Values of Goods, Derivation of Demand Functions, Slutsky Equation and Decomposition of Price Effect.

Unit-3: Theory of Producer Behaviour

Factors of Production, Production Function, Short-run Production, Long-run Production, Returns to Scale: Increasing, Constant and Decreasing Returns, Isocost and Isoquant Curves, Properties of Isoquants, Producer's Equilibrium, One Variable Factor Case, Two Variable Factor Case, Expansion Path, Tangency Condition between Isocost and Isoquant, Returns to Variable Proportions and Returns to Scale, Cobb-Douglas Production Function and Elasticity of Factor Substitution, Economic and Non-economic Regions of Production, Influence of Technical Progress on the Position and Shape of an Isoquant.

Unit-4: Theory of Costs of Production

Meaning of Costs, Total Revenue, Total Cost and Profit, Opportunity Cost and Cost of Capital, Economic Profit and Accounting Profit, Production Function and Total Cost Curve, Fixed and Variable Costs, Average and Marginal Costs, Shapes of Cost Curves, Typical Cost Curves, Costs in the Short Run and Long Run, Relationship between Short-run and Long-run Average Cost Curves, Economies and Diseconomies of Scale, Lessons from a Pin Factory.

References:

- "Intermediate Economics" by Hal Varian

- "Microeconomics- An Advanced Treatise" by SPS Chauhan

- "Principles of Economics" by N. Gregory Mankiw

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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 (ECHMC222C)	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: Measuring 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: Money

Measures and types of money, and role of central bank. The Meaning of Money , The Functions of Money, The Kinds of Money, measures of money, Money Creation, The Money Multiplier, FYI: Cryptocurrencies: A Fad or the Future? Reserve Bank of India and its role and operations.

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.