**St. Xavier's College (Autonomous), Ahmedabad**

**FACULTY OF ARTS**

**DEPARTMENT OF ECONOMICS (SF)**

**BA. Hons. (Economics) SF**

**SEMESTER-3**

# Major Course – 1: Microeconomics-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 | | |
| Microeconomics-2 (ECHMC331C) | 4 | 0 | 0 | 10 + 2 from a recognized board in any stream | Basic |

**Learning Objectives (LO):**

1. Understand the behaviour of firms under different market structures and analyse pricing, output, and equilibrium decisions in perfectly competitive, monopoly, monopolistic competition, and oligopoly markets.
2. Examine factor pricing and resource allocation through labour, land, and capital markets, and evaluate the role of market power, strategic interaction, and public policy in determining economic outcomes.

**Course Outcomes (CO):**

1. Apply economic models to explain firm behaviour, profit maximization, market equilibrium, and the welfare implications of alternative market structures.
2. Assess factor market equilibrium and analyse the effects of changes in labour demand and supply, productivity, market power, and government policies on resource allocation and income distribution.

## Unit-1: Perfect Competition

Meaning and Characteristics of Competitive Markets, Revenue of a Competitive Firm, Profit Maximization, Marginal Cost and Supply Decision, Short-run Shutdown Decision, Sunk Costs, Long-run Entry and Exit Decisions, Measurement of Profit, Short-run and Long-run Supply Curves, Market Supply with Fixed Number of Firms, Long-run Market Supply with Entry and Exit, Zero Economic Profit and Competitive Equilibrium, Shifts in Demand in the Short Run and Long Run, Upward Sloping Long-run Supply Curve, Numerical Problems.

## Unit-2: Monopoly and Monopolistic Competition

Sources of Monopoly Power, Monopoly Resources, Government-Created and Natural Monopolies, Monopoly versus Competition, Revenue and Profit Maximization under Monopoly, Monopoly Profit, Welfare Cost of Monopoly and Deadweight Loss, Price Discrimination and Its Forms, Public Policy toward Monopolies, Antitrust Laws, Regulation and Public Ownership, Monopolistic Competition, Product Differentiation, Short-run and Long-run Equilibrium under Monopolistic Competition, Comparison with Perfect Competition, Welfare Implications, Advertising, Advertising as a Signal of Quality, Brand Names, Numerical Problems.

## Unit-3: Oligopoly and Models of Duopoly

Characteristics of Oligopoly, Duopoly Models, Competition, Monopolies and Cartels, Equilibrium under Oligopoly, Effects of Number of Firms on Market Outcomes, Economics of Cooperation, Prisoners' Dilemma and Oligopolistic Behaviour, OPEC and Cartels, Welfare Implications of Cooperation and Competition, Public Policy toward Oligopolies, Restraint of Trade, Antitrust Laws and Controversies, Digital Economy and Market Power, Models of Duopoly, Numerical Problems.

## Unit-4: Markets for the Factors of Production

Demand for Labour, Profit Maximization and Derived Demand for Inputs, Production Function and Marginal Product of Labour, Value of Marginal Product and Labour Demand, Shifts in Labour Demand, Supply of Labour, Work-Leisure Choice, Shifts in Labour Supply, Equilibrium in the Labour Market, Effects of Changes in Labour Supply and Demand, Productivity and Wages, Markets for Land and Capital, Equilibrium in Land and Capital Markets, Capital Income, Interdependence among Factors of Production, Resource Allocation and Factor Pricing.

References:

- "Intermediate Economics" by Hal Varian

- "Microeconomics- An Advanced Treatise" by SPS Chauhan

- "Principles of Economics" by N. Gregory Mankiw

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## Major Course – 2: Macroeconomics-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 | | |
| Macroeconomics-2 (ECHMC332C) | 4 | 0 | 0 | 10 + 2 from a recognized board in any stream | Basic |

Learning Objectives (LO)

1. To introduce students to fundamental concepts and analytical tools in macroeconomics.
2. To develop an understanding of key macroeconomic theories and their practical applications.

Course Outcomes (CO)

1. Analyse the core principles of classical and Keynesian macroeconomics.
2. Apply macroeconomic models to evaluate the dynamics of employment, consumption, and investment in an economy.

Unit 1
Classical Macroeconomics (I): Output and Employment
The Classical Revolution- Production & Employment, Labor Demand & Labor Supply, Equilibrium Output and Employment, The Determinants of Output and Employment, Conclusion.

Unit 2

Classical Macroeconomics (II): Money, Prices, and Interest The Quantity Theory of Money, The Equation of Exchange, The Cambridge Approach to the Quantity Theory, The Classical Aggregate Demand Curve, The Classical Theory of the Interest Rate, Policy Implications of the Classical Equilibrium Model, Fiscal Policy, Monetary Policy.

Unit 3

The Keynesian System (I): The Role of Aggregate Demand The Problem of Unemployment, The Simple Keynesian Model: Conditions for Equilibrium Output, The Components of Aggregate Demand- Consumption, Investment, Government Spending and Taxes, Determining Equilibrium Income, Changes in Equilibrium Income, Fiscal Stabilization Policy, Exports and Imports in the Simple Keynesian Model.

Unit 4

The Keynesian System (II): Money, Interest, and Income Money in the Keynesian System, Interest Rates and Aggregate Demand, The Keynesian Theory of the Interest Rate, The Keynesian Theory of Money Demand, The Effects of an Increase in the Money Supply

The IS–LM Model, Money Market Equilibrium: The LM Schedule, Product Market Equilibrium: The IS Schedule, The IS and LM Schedules Combined.

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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## Major Course – 3: Economics of Development-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 | | |
| Economics of Development-1 (ECHMC333C) | 4 | 0 | 0 | 10 + 2 from a recognized board in any stream | Basic |

Course Objectives (COs)

1. To introduce students to the fundamental theories, concepts, and practices of economic development across the globe.
2. To equip students with the analytical tools necessary to examine the comparative economic development of countries.

Learning Outcomes (LOs)

1. Students will be able to critically evaluate various development theories and their application in real-world contexts.
2. Students will develop the ability to analyse country-level differences in economic development using quantitative and qualitative indicators.

**Unit 1: Introducing Economic Development: A Global Perspective**

Introduction to Some of the World's Biggest Questions, How Living Levels Differ Around the World, How Countries Are Classified by Their Average Levels of Development: A First Look, Economics and Development Studies, Wider Scope of Study, The Central Role of Women, The Meaning of Development: Amartya Sen's "Capability" Approach, Happiness and Development, The Sustainable Development Goals: A Shared Development Mission, Seventeen Goals, The Millennium Development Goals, 2000–2015, Implementing the Sustainable Development Goals, Some Critical Questions for the Study of Development Economics, Case Study 1: Comparative Economic Development: Pakistan and Bangladesh

**Unit 2: Comparative Economic Development**

An Introduction: What is the Developing World? Classifying Levels of National Economic Development, Conventional Comparisons of Average National Income, Adjusting for Purchasing Power Parity, Other Common Country Classifications, Comparing Countries by Health and Education, and the Human Development Index, Comparing Health and Education Levels, Introducing the Human Development Index, Human Development Index Ranking: How Does it Differ from Income Rankings?, Human Development Index: Alternative Formulations, Key Similarities and Differences Among Developing Countries, Levels of Income and Productivity, Human Capital Attainments, Inequality and Absolute Poverty, Population Growth and Age Structure, Rural Economy and Rural-to-Urban Migration, Social Fractionalisation, Level of Industrialisation and Manufactured Exports, Geography and Natural Resource Endowments, Extent of Financial and Other Market Development, Quality of Institutions and External Dependence, Are Living Standards of Developing and Developed Nations Converging?, The Great Divergence, Two Major Reasons to Expect Convergence, Perspectives on Income Convergence, Long-Run Causes of Comparative Development, Concluding Observations, Case Study 2: Institutions, Colonial Legacies, and Economic Development: Ghana and Côte d'Ivoire, Appendix 2.1 The Traditional Human Development Index (HDI), Appendix 2.2 How Low-Income Countries Today Differ from Developed Countries in Their Earlier Stages

**Unit 3: Classic Theories of Economic Growth and Development**

Classic Theories of Economic Development: Four Approaches, Development as Growth and the Linear-Stages Theories, Rostow's Stages of Growth, The Harrod-Domar Growth Model, Obstacles and Constraints, Necessary Versus Sufficient Conditions: Some Criticisms of the Stages Model, Structural-Change Models, The Lewis Theory of Economic Development, Structural Change and Patterns of Development, Conclusions and Implications (Structural Change), The International-Dependence Revolution, The Neocolonial Dependence Model, The False-Paradigm Model, The Dualistic-Development Thesis, Conclusions and Implications (Dependence Revolution), The Neoclassical Counter-Revolution: Market Fundamentalism, Challenging the Statist Model: Free Markets, Public Choice, and Market-Friendly Approaches, Traditional Neoclassical Growth Theory, Conclusions and Implications (Neoclassical), Classic Theories of Development: Reconciling the Differences, Case Study 3: Classic Schools of Thought in Context: South Korea and Argentina, Appendix 3.1 Components of Economic Growth, Appendix 3.2 The Solow Neoclassical Growth Model, Appendix 3.3 Endogenous Growth Theory

**Unit 4: Contemporary Models of Development and Underdevelopment**

Underdevelopment as a Coordination Failure, Multiple Equilibria: A Diagrammatic Approach, Starting Economic Development: The Big Push, The Big Push: A Graphical Model, Other Cases in Which a Big Push May Be Necessary, Why the Problem Cannot Be Solved by a Super-Entrepreneur, Further Problems of Multiple Equilibria, Inefficient Advantages of Incumbency, Behaviour and Norms, Linkages, Inequality, Multiple Equilibria, and Growth, Michael Kremer's O-Ring Theory of Economic Development, The O-Ring Model, Implications of the O-Ring Theory, Economic Development as Self-Discovery, The Hausmann-Rodrik-Velasco Growth Diagnostics Framework, Conclusions, Case Study 4: China: Understanding a Development "Miracle"

Suggestive Reading:

- "Economic Development" by Michael P. Todaro and Stephen C. Smith
- "Development Economics" by Debraj Ray
- "The Economics of Development and Planning" by M.L. Jhingan