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 (ECHMC441C)	4	0	0	10 + 2 from a recognized board in any stream	Basic

Learning Objectives (LO):

1. Develop an analytical understanding of consumer behaviour and market interactions using modern microeconomic tools, emphasizing demand analysis, welfare measurement, and equilibrium concepts.
2. Examine firm behaviour, production decisions, market structures, and public policy issues including monopoly, externalities, and public goods through formal economic reasoning.

Course Outcomes (CO):

1. Apply advanced microeconomic models to evaluate consumer welfare, market demand, and the effects of taxation, subsidies, and policy interventions on resource allocation.
2. Analyze production technologies, cost structures, firm behaviour, market power, and collective action problems to assess efficiency and policy outcomes in contemporary economies.

Unit-1: Consumer Behaviour and Welfare Analysis

Consumer Choice and Budget Constraints, Properties of Budget Sets, Effects of Taxes, Subsidies and Rationing, Consumer Preferences and Indifference Curves, Marginal Rate of Substitution, Utility Functions and Their Properties, Quasilinear and Cobb-Douglas Preferences, Consumer Equilibrium, Demand Functions, Income and Price Offer Curves, Engel Curves, Normal, Inferior and Giffen Goods, Consumer's Surplus, Compensating and Equivalent Variation, Producer's Surplus, Welfare Measurement and Benefit-Cost Analysis, Market Demand, Elasticity, Revenue Relationships, Income Elasticity, Extensive and Intensive Margins.

Unit-2: Market Equilibrium and Production Theory

Partial Equilibrium Analysis, Supply and Demand Equilibrium, Comparative Statics, Tax Incidence and Deadweight Loss, Subsidies and Pareto Efficiency, Technological Constraints and Production Functions, Fixed-Proportion, Perfect Substitute and Cobb-Douglas Technologies, Marginal Product and Technical Rate of Substitution, Diminishing Returns, Short Run and Long Run Production, Returns to Scale, Profit Maximization, Organization and Boundaries of the Firm, Factor Demand, Cost Minimization, Cost Functions, Returns to Scale and Cost Curves, Fixed, Variable and Sunk Costs, Average and Marginal Cost Curves, Long-run and Short-run Costs.

Unit-3: Competitive Markets, Industry Structure and Monopoly

Supply Decisions under Perfect Competition, Producer's Surplus, Short-run and Long-run Supply Curves, Industry Equilibrium, Economic Rent and Scarce Resources, Price Controls, Energy Policy and Environmental Regulation, Carbon Taxes and Cap-and-Trade Systems, Monopoly Pricing and Output Decisions, Mark-up Pricing, Welfare Loss under Monopoly, Patent Protection and Innovation, Natural Monopoly, Sources of Market Power, Price Fixing and Market Concentration, Efficiency Implications of Monopoly.

Unit-4: Externalities, Public Goods and Collective Choice

Consumption and Production Externalities, Coase Theorem and Property Rights, Pollution and Environmental Externalities, Market Signals and Common Property Resources, Tragedy of the Commons, Resource Depletion and Environmental Management, Public Goods and Efficient Provision, Private Provision and Free-Rider Problems, Collective Choice and Voting Mechanisms, Preference Aggregation, Vickrey-Clarke-Groves Mechanism, Incentive Compatibility, Auction Mechanisms, Limitations of Public Good Provision and Welfare Implications.

Reference Text

- Hal R. Varian, *Intermediate Microeconomics: A Modern Approach*, 9th Edition, W.W. Norton & Company.

Suggestive Reading

- Walter Nicholson and Christopher Snyder, *Microeconomic Theory: Basic Principles and Extensions*.
- H. R. Gravelle and R. Rees, *Microeconomics*.
- Robert S. Pindyck and Daniel L. Rubinfeld, *Microeconomics*.

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BA. Hons. (Economics) SF

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 (ECHMC442C)	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

Aggregate Demand and Aggregate Supply-Classical case of full wage price flexibility-Keynesian case of wage price rigidity-Keynesian case of aggregate supply -

Inflation: definition – Causes & type's consequences & remedies of inflation – Philips curve. Phillips curve, Structural vs. cyclical unemployment in modern economies.

Unit 3 Theories of Consumption

Theories of Aggregate Consumption Keynesian Theory of Consumption: The Absolute-Income Hypothesis, Duesenberry's Theory: The Relative Income Hypothesis, Friedman's Theory of Consumption: The Permanent-Income Hypothesis, Life-Cycle Theory of Consumption: The Life-Cycle Hypothesis

Unit 4 Theories of Investment.

Investment – Theory of Investment and Capital Accumulation : Some Basic Concepts, Theory of Investment: Methods of Investment Decision, Marginal Efficiency of Investment (MEI) and Aggregate Demand for Capital, Neo-Classical Theory of Investment: The Modern Approach, Tobin's Theory of 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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DEPARTMENT OF ECONOMICS (SF)

BA. Hons. (Economics) SF

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 (ECHMC443C)	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 – Progresa/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