

### 1.3 Course – III, Economics –I

#### Objectives:

The course is designed to impart knowledge of the fundamental and technical concepts of economics. It explains the basic theories of economics in critical thinking and problem solving, which enable the students gain knowledge about the global economics environment. And the students are expected to learn cost-benefit analysis.

#### Course Outcomes:

Students will be able to gain skills to analyze and understand tools of Economics, both at micro and macro levels. They would understand resource allocation pattern at the micro level and how to achieve economic balance at the macro level.

#### Contents:

##### Unit I –Introduction

- 1.1 Definitions of Economics
- 1.2 Nature, subject matter and scope of economics
- 1.3 Relation between economics and law
- 1.4 Central problems of an Economy
- 1.5 Production possibility curve and opportunity cost

##### Unit II - Consumer behavior and demand

- 2.1 Consumer's equilibrium – meaning
- 2.2 Attainment of consumer equilibrium through utility approach: Law of Diminishing Marginal utility
- 2.3 Indifference curve analysis- Properties of Indifference curve
- 2.4 Demand
  - (a) Meaning of demand
  - (b) Law of demand
  - (c) Why does demand curve slope downwards
  - (d) Determinants of demand
  - (e) Shifts in demand curve(Increase and decrease of demand ,extension and contraction of demand)
  - (f) Elasticity of demand: Price elasticity of demand, Income elasticity of demand, cross elasticity of demand
- 2.5 Supply
  - (a) Meaning of supply
  - (b) Law of supply
  - (c) Determinants of supply

### **Unit III -Laws of Returns and Production function**

- 3.1 Law of increasing returns
- 3.2 Law of diminishing returns
- 3.3 Law of constant returns
- 3.4 Law of variable proportions
- 3.5 Production function: meaning
- 3.6 Cost and revenue concepts

### **Unit- Market structure and price determination under different markets**

- 4.1 Forms of market
- 4.2 Perfect Competition
- 4.3 Imperfect competition
  - (a) Monopoly (b) Monopolistic
  - (c) Oligopoly
  - (d) Duopoly

### **Unit V– Introduction to Macro economics**

- 5.1 Meaning and Importance of Macro economics
- 5.2 National Income – Meaning, Concepts of national income
- 5.3 Measurement of National income, Difficulties in calculation of National Income
- 5.4 Keynesian theory of income and employment
  - (a) Propensity to consume, propensity to save
  - (b) Investment function or inducement to invest
  - (c) Equilibrium level of income and output

### **Prescribed Books**

D N Dwivedi – Macro Economics  
Misra and Puri – Economic Environment of Business  
D M Mithani – Macro Economics

### **Reference Books**

A. Koutsoyiannis – Modern Micro-Economics  
Bilas – Micro Economic Theory  
J. Hirschleifer – Price Theory and Applications.