



**SUBJECT: ECONOMICS**

**SEMESTER: ONE/TWO**

**COURSE NAME: ESSENTIALS OF ECONOMICS [MINOR]**

**COURSE CODE: UECOMIN10001**

**FULL MARKS: 75**

**Module I: Theory of Consumer Behaviour [8 hrs]**

Cardinal Utility-Total Utility (TU) and Marginal Utility (MU); Relationship between TU and MU; Law of Diminishing Marginal Utility; Law of Demand; Determinants of Demand; Relation between Law of Demand and Law of Diminishing Marginal Utility.

Indifference Curve Analysis- Definition and Characteristics of Indifference Curve; Marginal Rate of Substitution (MRS); Budget Line; Price Ratio; Consumer's Equilibrium.

Elasticity of Demand- Price elasticity of Demand, Cross price elasticity of Demand, and Income elasticity of Demand-Concepts only; Factors Determining Elasticity of Demand.

**Module II: Theory of Producer's Behaviour [7 hrs]**

Production Function- Definition of Production Function; Definition of Total Product (TP), Average Product (AP), and Marginal Product (MP); Derivation of AP and MP from TP Curve; Law of Variable Proportions.

Cost and Revenue- Fixed Cost and Variable Cost, Average Cost and Marginal Cost; Shape of Cost Curves; Relation between Average Cost and Marginal Cost; Definitions of Total Revenue (TR), Average Revenue (AR) and Marginal Revenue (MR) and relationship among AR, MR and Price Elasticity of Demand.

**Module III: Market Morphology [8 hrs]**

Perfect Competition-Characteristics of Perfect Competition; Short-run and Long-run Equilibrium of the Firm.

Monopoly: Characteristics; Price and Output Determination in Monopoly-short-run and long-run equilibrium; Price Discrimination-concept only; Perfect competition versus monopoly.

Oligopoly-Oligopoly and Duopoly markets-concepts only; non-collusive and collusive oligopoly, product differentiation-concepts only.

**Module IV: National Income Accounting [7 hrs]**

What is National Income? Circular flow of Income; Different Concepts of National Income- Distinction between GNP and NNP, GNP and GDP, NNP at factor cost and market price, National

income and personal income, nominal and real national income; Different Methods of Measuring National Income-Income Method, Value-added method and expenditure method; Difficulties of Measurement of National Income; Open and closed economy-concepts only; National income as a measure of welfare.

### **Module V: Inflation and Unemployment [8 hrs]**

Inflation: Concepts of Inflation, Deflation, and Stagflation; Different Types of Inflation- hyperinflations, galloping, walking and creeping; Causes of Inflation-Demand-pull and Cost-push Inflation and their distinction; Anti-Inflationary Measures; Trade-off between inflation and unemployment –the basic idea of the Phillips Curve.

### **Module VI: Money and Banking [7 hrs]**

Money-Concept, functions, measurement; theories of money supply determination; definition of money supply in the Indian context (M1, M2, M3, and M4).

Banking- Commercial Banks-Balance sheet and portfolio management; Credit creation; Central Banks- functions and instruments of monetary control.

### **Tutorial Classes: [15 hrs]**

Tutorial classes are meant to clarify better the contents of the course. Such classes are meant to promote teacher-student academic interactions and help to build a student's confidence and self-esteem.

### **Continuing Evaluation:**

The course instructor will finalize the modalities of the continuing evaluation. A few suggestions for continuing evaluation are (a) written examination, (b) take-home assignment, and (c) presentation on the topic suggested by the course instructor.

### **Suggested Readings**

Ahuja, H.L. 2010. Modern Economics, S. Chand and Co. Ltd. 44

Pindyck, R.S. and Rubinfeld, D.L. 2018. Microeconomics, Pearson Education Asia.

Stiglitz, J. E. and Walsh, C. E. 2007. Economics, W.W. Norton & Company, Inc., New York, International Student Edition, 4th Edition.

Mankiw, N. G. 2007. Economics: Principles and Applications, India edition by South Western, a part of Cengage Learning, Cengage Learning India Private Limited, 4th edition.

Samuelson P.A. and Nordhaus, W.D. 2019. Economics, McGraw-Hill.

Dornbusch, R., Fischer, S. and Starz, R. 2010. Macroeconomics, McGraw Hill, 11th edition.



- Modigliani, F. J. F., Jones, F. J. Ferri, and M. G. 2009. Foundations of Financial Markets and Institutions, Pearson Education, 3rd edition.
- Mishkin F. S. and Eakins, S. G. 2009. Financial Markets and Institutions, Pearson Education, 6th edition,
- Bhole, L. M. and Mahukud, J. 2011. Financial Institutions and Markets, Tata McGraw Hill, 5th edition.
- Khan, M. Y. 2011. Indian Financial System, Tata McGraw Hill, 7th edition
- Nadar, E.N. 2013. Money and Banking, Prentice Hall India Learning Private Limited
- Paul, R.R. 2018. Monetary Economics, Kalyani Publishers
- Gupta, S.B. 2011. Monetary Economics-Institutions, Theory, and Policy

