

**Course: Generic Elective**

Semester	III
Paper Number	HECGE3131T
Paper Title	INTRODUCTORY ECONOMICS
No. of Credits	6
Theory/Composite	Theory
No. of periods assigned	5 Theory + 1 Tutorial
Course description/objective	This course is designed to expose the students to the basic principles of microeconomic and macroeconomic theories.
Syllabus	<p>Definition of economics and difference between microeconomics and macroeconomics.</p> <p><b>Module 1: Microeconomics (50 marks)</b></p> <p>1. Different Types of markets, The market mechanism, Analysis of supply and demand, Behind the demand curve, Supply Schedule and supply curve, Equilibrium of supply and demand, Effects of a shift in supply or demand curve.</p> <p>2. Price and Revenues, Price elasticity of demand, Price elasticities in diagram, Measurement of Elasticity, Elasticity and revenue, Graphical measurement of price elasticities, reasons for elasticity differences, Other demand elasticities, Price elasticity of supply.</p> <p>3. Choice and Utility theory, Marginal Utility and Law of Diminishing Marginal Utility, A Numerical Example, Equilibrium Condition: Equal Marginal Utilities per rupee for every good, Why demand curve slopes downward, An Alternative Approach: The Indifference Curve, Law of Substitution, The Indifference Map, Budget Line, The Equilibrium position of tangency, Changes in Income and Price: Income Change, Single Price Change, Deriving the Demand Curve.</p> <p>4. Basic Concepts: The production Function. Total, Average and Marginal Product, Marginal Product and Diminishing Returns, Returns to scale. Total Cost: Fixed Cost, Variable cost, definition of marginal cost, Cost Concepts: Average or Unit Cost, Average Fixed Cost, Average Variable Cost, The link between Production and Cost, Diminishing Returns and U-shaped Cost curves, The long run Envelope Curve.</p> <p>5. Competitive Supply and Marginal Cost, Perfect Competition, Competitive Supply, Deriving the Firm's Supply Curve from its marginal cost curve, Total Cost and Shutdown condition, summing All firm's supply curve to get market supply, Dead weight loss of tax and subsidy</p> <p>Number of Classes per week: 3</p> <hr/> <p><b>Module 2: Macroeconomics (30 marks)</b></p> <p>1. National Income Accounting; concepts of national income, circular flow of income, different methods of measuring national income; determination of income.</p> <p>2. Money; functions of money, types of money, role of Central Bank and commercial bank, determination of money supply-the money multiplier approach, credit control methods.</p> <p>3. Concepts of inflation, deflation, stagflation, distinction between demand pull and cost push inflation, effects of inflation and anti-inflationary policies.</p> <p>Number of Classes per week: 2</p> <hr/> <p><b>Tutorial Class per week: 1</b></p>

Readings	1) Lipsey and Chrystal(2015), <i>Economics</i> , OUP. 2) Paul Samuelson and William Nordhaus (2010), <i>Economics</i> , McGraw Hill Publishers. 3) N. Gregory Mankiw, <i>Principles of Economics</i> , Cengage Learning, 6 <sup>th</sup> Edition. 4. Soumyen Sikdar, <i>Principles of Macroeconomics</i> , OUP, Second Edition			
Evaluation	Continuous Internal Assessment: 20 marks End- Semester Theory Examination: 80 marks			
Paper Structure for End Sem Theory	Module	No. of Questions to be Answered	No. of Alternatives	Marks
	Module 1	5	6	5 x 10 = 50
	Module 2	3	4	3x10=30
	Total Marks			80

