



Semester II
ECODSM- 151
Elementary Economics
Total Credits: 3
Teaching Hours: 45 hours

Course Description:

This course aims to introduce the students to the basic concepts relating to microeconomics and macroeconomics so as to improve their understanding level of economics as a separate discipline and its practical relevance.

Course Outcome:

After finishing the course students are expected to develop some basic understanding of economic thought and be able to relate the microeconomic theories and macroeconomic theories with individual economic behaviour in the real life situation.

Unit 1: Introduction to Microeconomics

Meaning, nature, scope, importance, limitations of Micro Economics , Basic problems of economics, Problems of scarcity and choice, Choice and opportunity cost, production possibility frontier, economic systems, positive and normative economics.

Market Forces: Law of Demand, Law of Supply, determinants of demand/supply, Exceptions to law of demand, market demand and market supply, market equilibrium, elasticity of demand and supply, and their measurement

Unit 2: Theory of Consumer Behaviour:

Cardinal utility vs ordinal utility, cardinal utility and optimum choice, law of diminishing marginal utility, indifference curve, indifference map, budget constraint, consumer's optimum choice, price consumption curve and income consumption curve, income and substitution effects (Hicks and Slutsky), Derivation of Demand Curves from ICs.

Unit 3: Production, Cost & Revenue

Production functions- short run and Long run, law of variable proportions, Returns to scale, iso-quant and iso-cost lines, producers Equilibrium, Cost of production - types, short run cost curves, long run cost curves, Revenue-TR, AR & MR, revenue and elasticity of demand.

Unit 4: Introduction to Macroeconomics

Nature and scope of Macro Economics, importance and limitations of Macro Economics Macro variables, stock and flow concept, Macro statics, Macro dynamics, Concept of - two sector, three sector and four sector economy.

Unit 5: National income,

Concept of GNP, GDP, NNP, NDP, Private income Personal income, per capita income, real and nominal national income, Methods of measuring nation income, Difficulties of Estimating National Income, National income and economic welfare, circular flow of income in two sector, three sector and Four sector economy.

Suggested Readings:

1. Case, Karl E. & Ray C, Fair, Principles of Economics, Person Education, Inc, 8th edition, 2007



2. Sikdar, Shoumyen, Principles of Macroeconomics, 2nd Edition, Oxford University Press, India
3. Dwivedi D. N., Microeconomics: Theory and Policy, Tata McGraw-Hill, 2005
4. Koutsoyiannis, A. Modern Microeconomics, ELBS with Macmillan, Hong Kong
5. Hall R. Varian, Intermediate Microeconomics: A Modern Approach, Eight Edition, Springer (India) Pvt. Ltd.
6. Anindya Sen: Microeconomics, Oxford.