

CB123**FUNDAMENTALS OF ECONOMICS**

L	T	P	C	Int	Ext
2	-	-	2.0	30	70

Semester II [First Year]**COURSE OBJECTIVES:****COURSE OUTCOMES:****After successful completion of the course, the students are able to**

1. To explain, analyze and predict consumer behavior under conditions of certainty and uncertainty for individual and market demand for goods and supply, apply the concept of market equilibrium and calculate welfare measures such as consumer surplus, taxes, subsidies and social welfare.
2. To calculate the minimal cost input factor quantities for a firm and optimal selling prices, supply quantities and resulting profits of firms in different market structures (including perfect competition and various forms of imperfect competition, like monopolies, oligopolies, and monopolistic competition).
3. To recognize the key issues in macro economic analysis, in particular, how macroeconomic shocks affect businesses, develop a perspective that is supported with relevant information and integrative thinking for making conclusion.
4. To discuss and explain the role of the government in the economy, analyze and predict the effect of government measures (policies etc.) on market prices for sustainable development.

UNIT I**[CO:1] (12)**

Microeconomics: Principles of Demand and Supply - Supply Curves of Firms - Elasticity of Supply; Demand Curves of Households - Elasticity of Demand, Indifference Curves; Consumer's Equilibrium - Effects of Price Change, Income and Substitution Effects - Derivation of a Demand Curve; Applications - Tax and Subsidies - Inter temporal Consumption - Suppliers' Income Effect

UNIT II**[CO:2] (12)**

Theory of Production: Production Function and Iso-quants - Cost Minimization; Cost Curves - Total, Average and Marginal Costs - Long Run and Short Run Costs; Equilibrium of a Firm Under Perfect Competition; Monopoly, Oligopoly and Monopolistic Competition

UNIT III**[CO:3] (12)**

Macroeconomics: National Income and its Components - GNP, NNP, GDP, NDP ; Consumption Function; Investment; Simple Keynesian Model of Income Determination and the Keynesian Multiplier; Government Sector - Taxes and Subsidies; External Sector - Exports and Imports

UNIT IV**[CO:4] (12)**

Money - Definitions; Demand for Money - Transactionary and Speculative Demand ; Supply of Money - Bank's Credit Creation Multiplier; Business Cycles and Stabilization - Monetary and Fiscal Policy - Central Bank and the Government; The Classical Paradigm - Price and Wage Rigidities - Voluntary and Involuntary Unemployment

LEARNING RESOURCES:**TEXT BOOK(s):**

1. Microeconomics, Pindyck, Robert S and Daniel L. Rubinfeld
2. Macroeconomics, Dornbusch, Fischer and Startz
3. Economics, Paul Anthony Samuelson, William D. Nordhaus

REFERENCE BOOK(s):

1. Intermediate Microeconomics: A Modern Approach, Hal R. Varian
2. Principles of Macroeconomics, N. Gregory Mankiw