

**Veer Narmad South Gujarat University**  
**Bachelor of Business Administration**  
**Year – I (Semester – I) (W.E.F. June 2019)**

**Subject Name: Fundamentals of Economics**

**Subject Code: 104**

**Objective of the course:**

- To acquaint the students with the fundamentals of economics

**Teaching Pedagogy:**

Lectures, Assignments, Quizzes, Presentations

**Course Content**

**Unit 1: Nature & Scope of Economics (20%)**

Meaning of Economic problem, Early definitions (Wealth, Welfare, Scarcity, Growth), Micro and Macroeconomics (Definition, Importance and Limitations), Economics as a positive or normative science, Scope of Economics, Relationship of Economics with other disciplines.

**Unit 2: Demand analysis and Supply (25%)**

- Meaning, Individual demand & Market demand, Demand Schedule, Demand Curve, Reasons for downward sloping demand curve, Determinants of demand, Law of demand (Assumptions, Function, Exceptions to the law of demand), Types of demand, Types of demand - Demand for consumers goods and produce's goods, Autonomous demand and company demand, price demand, Income demand, cross demand, short run demand and long run demand Industry demand and firm demand,
- Demand Elasticity:**  
Meaning, Definition, Price, Income and Cross Elasticity (Meaning, equations and Factors affecting)
- Demand forecasting**  
Meaning, its significance, methods of demands forecasting, criteria of a good forecasting method
- Supply Analysis**  
Meaning, the determinants of supply, the law of supply, exceptions to the law of supply, causes for change in supply

### Unit 3: Cost & Revenue Analysis

(25%)

#### Cost Analysis

- Three concepts of the term 'cost' - real cost, opportunity cost, money cost,
- Types of costs: total cost - fixed cost - average fixed cost - variable cost - total variable cost - Average total cost – marginal cost,
- Behavior of short run average cost curves, 'U' shaped cost curve, Relationship between marginal cost and average cost
- Long run cost curve, long run total cost, long run average cost, long run marginal cost.

#### Revenue Analysis

- Total revenue, Average revenue, Marginal revenue, Revenue Curves

### Unit 4: National Income and Money Supply

(30%)

#### National Income

- Meaning & Definitions,
- Basic Concept of national income
  - o Gross National Product(GNP)
  - o Gross Domestic Product(GDP)
  - o Net National Product(NNP)
  - o Personal Income(PI)
  - o Disposable Income(DI)
- Methods of measuring national income
  - o Census of Product method or Output method or commodity service method
  - o Census of Income method or Factor cost method
  - o Census of Expenditure method or Total outlay method
- Circular Flow of Economy Model
  - o Two Sector Model
  - o Four Sector Model

#### Money Supply

- Definition of Money
- Money & Near Money
- Functions of Money
- Components of Money supply
- Determinants of Money supply
- Importance of Money
- Demand for Money

#### Suggested Readings:

1. *Modern Microeconomics: Theory & Application* - H.L. Ahuja, Publisher Sultan Chand.
2. *Advanced Microeconomics Theory* - M.J. Kennedy, Himalaya Publishing House.

3. *Principles of Economics*-Prem Bhutani ,Taxmann Allied Services (P)Ltd.
4. *Economics*-Paul Samuelson William Nordhaus , TataMacGraw-Hill.
5. *Introduction to Positive Economics*-Richard Lipsey , Oxford Universitypress.
6. *Principles of Economics* – D. M. Mithani, Himalaya PublishingHouse.
7. *Introduction to Economics* – Stephan Dobson,MACMILLAN.
8. *ManagerialEconomics–Analysis,ProblemsandCases* –P.L.MehtaSultan Chand& sons.
9. *EssentialsofManagerialEconomics*–P.N.Reddy,HimalayaPublishingHouse.
10. *Business Economics* – H. L. Ahuja, SultanChand.
11. *Indian Economy* – S. K. Misra, V. K. Puri, Himalaya PublishingHouse.
12. *Economics, The ICFAIUniversity*.
13. *Principles of Economics* – M. L.Seth.
14. *Principles of Economics* – N. Gregory MANKIW, Thomson SouthWestern.

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