

Veer Narmad South Gujarat University
MDC (Multidisciplinary Course): Fundamentals of Economics

First Year BBA (Semester-1)

With Effect from AY 2023-24

Course	Multidisciplinary Course (MDC)
Course Title	<u>Fundamentals of Economics</u>
Credit	4
Teaching per Week	4 Hours
Review / Revision	June, 2023
Minimum weeks / Semester	15 (Lectures, Guest Lectures, Case Study, Presentations, Group Assignments)
Medium of Instruction	English
Purpose of Course	To acquaint the students with Fundamentals of economics for Managing the concern.
Course Objective	<ul style="list-style-type: none"> ● To know the basic elements of economics. ● To identify various market structures relevant for commercial transactions and their impact on business decision ● To illustrate what elements are considered while policy and decision making at the strategic level ● To analyze operations of markets under varying competitive conditions and make optimal business decisions.
Course Outcome	<p>The students will be able to</p> <ul style="list-style-type: none"> ● To understand and identify the economic variables in general business atmosphere. ● To perceive the knowledge about Economics at Micro level and various economic concepts such as Opportunity cost, Marginal Concepts, Demand Function etc ● To expose basic concept of National income, methods to measure national Income and circular flow of Economy Model. ● Understand concept of money supply and its major determinants
Course Content	
<p>Unit 1: Nature & Scope of Economics (20%)</p> <ul style="list-style-type: none"> ● 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

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 – Price Demand, Income Demand & Cross Demand; Demand Distinctions: Demand for consumers goods and producers' goods, 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.

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.
 - ✓ Behaviour of short run average cost curves, 'U' shaped cost curve, Relationship between marginal cost and average 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:**
 - ✓ Gross National Product (GNP)

- ✓ Gross Domestic Product (GDP)
- ✓ Net National Product (NNP)
- ✓ Personal Income (PI)
- ✓ Disposable Income (DI)
- **Methods of measuring national income:**
 - ✓ Census of Product method or Output method or commodity service method
 - ✓ Census of Income method or Factor cost method
 - ✓ Census of Expenditure method or Total outlay method
- **Circular Flow of Economy Model:** Four Sector Model
- **Money Supply:**
 - ✓ Definition of Money
 - ✓ Money & Near Money
 - ✓ Functions of Money
 - ✓ Components of Money supply
 - ✓ Determinants of Money supply

Suggested Readings:

1. Modern Micro economics: Theory & Application- H.L.Ahuja, Publisher Sultan Chand.
2. Advanced Micro economics Theory- M.J.Kennedy , Himalaya Publishing House.
3. Principles of Economics-Prem Bhutani ,Taxmann Allied Services (P)Ltd.
4. Economics-Paul Samuelson William Nordhaus , Tata MacGraw-Hill.
5. Introduction to Positive Economics-Richard Lipsey , Oxford University press.
6. Principles of Economics - D. M. Mithani, Himalaya Publishing House.
7. Introduction to Economics - Stephan Dobson, MAC MILLAN.
8. Managerial Economics-Analysis, Problems and Cases -P.L.Mehta Sultan Chand & sons.
9. Essentials of Managerial Economics- P.N. Reddy, Himalaya Publishing House.
10. Business Economics - H. L. Ahuja, Sultan Chand.
11. Indian Economy - S. K. Misra, V. K. Puri, Himalaya Publishing House.
12. Economics, the ICFAI University.
13. Principles of Economics - M. L. Seth.
14. Principles of Economics - N. Gregory MANKIW, Thomson South Western.