



FIRST SEMESTER 2024-25

Course Handout Part II

Dated: 22/07/2024

In addition to part I (General Handout for all courses appended to the time table) this portion gives further specific details regarding the course.

Course No.	: ECON F211
Course Title	: PRINCIPLES OF ECONOMICS
Instructor-in-Charge	: Prof. Dushyant Kumar
Instructors	: Prof. Bheemeshwar Reddy A., Prof. Dushyant Kumar, Prof. Mini Thomas, Prof. Paras Sachdev, Prof. Shreya Biswas, Prof. Vivekananda Mukherjee

1. Scope and Objective:

This introductory course aims to cover fundamentals and principles of economics. Economics, as a discipline, has grown tremendously in recent times. Going by its relevance in understanding present day phenomena to complex policy issues, it would be apt to say that every individual should be equipped with basic understanding of economics. It helps greatly in making better decisions in every walk of life. Here we try to understand the consumption decisions made by the individuals and production decisions made by the firms. How do these decisions interact and result in a market outcome? How can the policymakers intervene to improve the outcome? The course aims to provide an insight into production, distribution and consumption of wealth, analysis of market structure, input pricing and economics of development. The course is designed so as to give emphasis on the application of various fundamental concepts of economics with the help of real life examples.

2. Text Book:

- ☐ Karl E. Case, Ray C. Fair & Sharon E. Oster, “Principles of Economics”, Pearson Education, 12th Edition, 2017

3. Reference Books:

- ☐ R1: Joseph E. Stiglitz & Carl E. Walsh, “Economics”, W. W. Norton & Company, Inc., Fourth Edition, 2006.
- ☐ R2: Lipsey, R. G. & K. A. Chrystal, “Economics”, Oxford University Press, 13th Edition, 2015
- ☐ R3: Samuelson P. A. & W. D. Nordhaus, “Economics”, Tata McGraw-Hill, 20th Edition, 2019
- ☐ R4: N. Gregory Mankiw, “Principles of Economics”, Cengage Learning, 7th Edition, 2015

4. Course Plan:

Lec. No.	Learning Objective	Topic(s) to be covered	Chapter in the TB
I	Introduction to Economics		
1	Introduction to economics discipline and its approaches	The Scope and method of Economics, The Economic Problem: Scarcity & Choice – Definitions	Chapter 1 & 2
2-3	Introduction to some fundamental concepts	Opportunity cost, incentive, marginalism, empiricism	Chapter 1 & 2
II	Demand, Supply, and Prices		
4-8	Analysis of demand & supply decision making	Demand function, supply function, equilibrium	Chapter 3,4,6,7
9-10	Elasticity concept and its applications	Elasticity of demand function and supply function	Chapter 5
11-12	Cost functions	Cost Structure of Firms and output decision	Chapter 8 & 9
13-15	Input markets: Land, Labor, Capital and Investment	Input demand: The labour and land market, the Capital Market and the Investment Decision	Chapter 10 & 11
16-17	Efficiency of competitive market	Efficiency, Pareto efficiency, consumers' surplus, producers' surplus	Chapter 12
III	Monopoly & Oligopoly		
18-19	Monopoly	Monopoly, pricing practices, welfare loss due to monopoly	Chapter 13
20-22	Oligopoly	Oligopoly market structures, Nash equilibrium	Chapter 14
IV	Asymmetric information and public good		
23-24	Asymmetric information	Adverse selection, moral hazard, applications	Chapter 17
25-27	Public good	Externality, excludability, provision of public goods	Chapter 16
V	Macroeconomics		
28-32	Introduction to Macroeconomics	Concepts and Measurement of macroeconomic variables	Chapter 20-21
33-40	Economy issues	Unemployment, development, growth, fiscal policy, monetary policy, Indian economy	Chapter 22-24

5. Learning Outcomes:

Module I: Introduction to Economics

It is expected that after completing this module, the student should be able to, recognize economics as the study of how society addresses the conflict between unlimited desires and scarce resources. The students will be introduced to some of the fundamental concepts of economics discipline like opportunity cost, incentives, empiricism, etc., how does application of these concepts changes our worldview both for market as well as non-market interactions.

Module II: Demand, Supply, and Prices

What are the factors that affect the demand of a particular good, how does these factors shape the market demand? What are the factors that affect the supply of a particular good, how does these factors shape the market supply? How does these demand and supply interact and the market price get determined? How does market price react to different factors and events? This module will help students understand these issues.

Module III: Monopoly and Oligopoly

What happens when there are limited competition in certain industry? How does price and quantity get determined in different market structures? How do firms behave in a strategic situation when their profit depends on what prices other firms are fixing or what quantities other firms are fixing? How should be the government role in these situations? This module will help students understand these issues.

Module IV: Asymmetric Information and Public Good

Consider an individual willing to buy an insurance. The individual has better information about his/her health conditions and may be tempted to lie about it to get better premium rates. Also, once insured the individual may not take proper care of his/her health due to the guaranteed reimbursement in the case hospitalization. How to analyse such situation? How should insurance company draft policy to take care of these issues optimally? Law & order situation in a particular state, road & highways, clean air, etc. all have the characteristics that these goods/services can not be limited to one individual- how to provide these goods/services and who should pay for it? This module will help students understand these issues.

Module IV: Macro Economics

The students will introduced to basic concepts like GDP, inflation, growth rate, trade, etc. and how measure them. The students will be also introduced to the key issues like unemployment, development & growth, poverty, etc. particularly in the context of our Indian economy. We will also discuss how government policies can address these issues.

6. Evaluation Scheme:

S.No.	Components	Duration	Weightage (%)	Date, Time & Venue	Nature of Component
1	Mid-Semester Exam	90 Mins	30		CB
2	Section specific multiple surprise quizzes	To be announced	30	TBA	OB
5	Comprehensive Exam	3 hours	40		CB

7. Chamber Consultation Hour: To be announced in class

8. Notices shall be displayed on CMS.

9. Make-up policy: Make-up will be granted only on genuine grounds and if prior permission from Instructor-in-charge/Instructor is taken, via official email only. Requests for make up after the test/exam will not be entertained at all. No make-up shall be granted for quizzes.

10. Academic Honesty and Integrity Policy: Academic honesty and integrity are to be maintained by all the students throughout the semester and no type of academic dishonesty is acceptable.

**Instructor-in-Charge
ECON F211**