1.
2. **Introduction(Chapter 1+2):**

- **Economics:** Economic is the social science that studies the production, discussion & consumption of goods & services.
  **The invisible Hand:** The invisible hand refers to the way in which the individual pursuit of self-interest can lead to good results for society as a whole.
  **Opportunity Cost:** The real cost of an item is its opportunity cost, what must give-up in order to get it.

- **Micro Economics:** It's the branch of Economics that studies how people make decision and hoe those decisions interact.
  **Macro Economics:** It's the branch of economics that is concerned with overall ups downs in the economy.
  **Recession:** Is the downturn in the economy.

- **Positive Economics VS Normative Economics:** Positive economics analyse and describes the way that the economy actually works. And normative economics makes prescriptions about the way the economy should work.

- **Absolute advantage VS Comparative Advantage:** Absolute advantage refers to the uncontested superiority of a country or business to produce a particular good or service better & Comparative advantage is the ability of a country or business to produce a good or service at a lower opportunity cost than its competitors.

- **4 main factors of production:** Land, Labour, Capital & Human capital.

- **P.P.F.:** The Production-possibility frontier (PPF) is the line that shows the maximum quantity of goods that can be efficiently produced by an economy.

3. **Chapter 3+4:**

- **The Law of Demand:** The law of demand asserts that demand curves normally slope downward- that is, *a higher price reduces the quantity demanded.*

  **Market Equilibrium:** Market equilibrium comes at the price at which quantity demanded is equals to quantity supplied.

- **Substitute goods VS Complementary goods:** If a rise in the price of one good leads to an increase in the demand for the other good, then they are substitute goods. AND if a rise in the price of a good leads to a decrease in the demand for the other good, then they are complementary goods.
  **Normal goods VS Inferior Goods:** When a rise in income increases the demand for a good, it is normal good. But when a rise in income decreases the demand for a good, it is Inferior good.

- **Effect of demand & supply:**

| Case | Curve Shift | Price | Quantity |
|---|---|---|---|
| Demand Increase | Demand curve- Right Shift | Increase | Increase |
| Demand Decrease | Demand Curve- Left Shift | Decrease | Decrease |
| Supply Increase | Supply curve- Right Shift | Decrease | Increase |
| Supply Decrease | Supply curve- Left Shift | Increased | Decrease |

- **Consumer surplus:** Consumer surplus is the net gain to an individual buyer from the purchase of a good.
  **Seller's Cost:** A seller's cost is the lowest price at which seller is willing to sell a good.
  **Producer surplus:** Producer surplus is the gain to an individual seller from selling a good.

4. **Chapter 6+ 10 + (13-16):**

- **Price Elasticity of Demand:** The Price elasticity of demand measures how much the quantity demanded of a good changes when its price changes.

  Price Elasticity of demand = $\frac{\%\ Change\ in\ Quantity\ Demanded}{\%\ Change\ in\ Price}$ X 100

**Interpretations of different price elasticity of demand:**

| Price Elasticity of Demand | Interpretation |
|---|---|
| % Change in Quantity Demanded > % Change in Price | Price-elastic Demand |
| % Change in Quantity Demanded < % Change in Price | Price-inelastic Demand |
| % Change in Quantity Demanded = % Change in Price | Unit-elastic Demand |
| % Change in Quantity Demanded ÷ % Change in Price = 0 | Perfectly Inelastic Demand |
| % Change in Quantity Demanded ÷ % Change in Price = ∞ | Perfectly Elastic Demand |

**Cross-price Elasticity & Income Elasticity of Demand:**

Cross Price Elasticity of demand = $\frac{\%\ Change\ in\ Quantity\ of\ Good\ B\ \ Demanded}{\%\ Change\ in\ Price\ of\ Good\ A}$

Income Elasticity of demand = $\frac{\%\ Change\ in\ Quantity\ \ Demanded}{\%\ Change\ in\ Income}$

- **Utility:** The utility of a consumer is a measure of the satisfaction the consumer derives from consumption of goods & services.

  *Unit of Utility is Util.*

  **Consumption Bundle:** An individual's consumption bundle is the collection of all the goods &services consumed by that individual.

**Marginal Utility:** The marginal utility of a good or services is the change in total utility generated by consuming one additional unit of that good or services.

- **Principle of diminishing marginal utility:** The additional satisfaction a consumer gets from one more unit of a good or service consumed rises.

## Market Structure

| | Number and Size of the Company | Characteristics of the Product | Conditions for the Entrance to the Market | Availability of Market Information | Examples |
|---|---|---|---|---|---|
| **Perfect Competition** | Big number of small companies | Standard products | Companies free to enter or leave the market | Available information | Markets for foods, shares etc. |
| **Monopolistic Competition** | Big number of small companies | Differentiated goods | No boundaries to enter the market | Some limitations | Markets for cosmetics, clothes, shoes etc. |
| **Oligopoly** | Small number of big companies | Standard or differentiated goods | Companies have issues to enter the market | Limitation of information | Car manufacturing, tobacco industry etc. |
| **Monopoly** | One company | Unique product without substitution | Solid boundaries to enter the market | Limitation of information | Energy or phone companies, water stations, |

5. **Chapter 22+23:**
   - **Keynesian Economics:** Economic slumps are caused by inadequate spending and they can be mitigated by Government.
     **Fiscal Policy:** Fiscal policy uses changes in Government spending and taxes affect overall spending.
     **Monetary Policy:** Monetary policy uses changes in the quantity of money to alter interest rates and affect overall spending.

   - **Policy maker:**
     Monetary policy – Bangladesh Bank
     Fiscal Policy – Ministry of finance.

     - **Main Tool:**
       Monetary Policy – Interest Rate.
       Fiscal Policy – Tax Rate.

- **Business Cycle:** The business cycle is the short-run alternation between recession and expansions.
  **Open Economy:** An open economy is an economy that trades goods and services with other countries.
  **Trade Deficit:** A country runs trade deficit when the value of goods and services bought from foreigners is more than the value of goods and services it sells to them.
  **Trade surplus:** A country runs Trade surplus when the value of goods and services bought from foreigners is less than the value of the goods and services it sells to them.

- **The National Accounts:** It keeps track of the flows of money between different sectors of the economy.
  **Government Transfers:** Are the total payment by the Government to individuals for which no good or services is provided in return.

- **GDP VS GNP:** GDP measure the value of goods and services produced within a country's borders by citizens and non-citizens. On the other hand GNP measures the value of goods and services produced by only a country's citizens but both domestically and abroad.

  **Nominal GDP VS Real GDP:** Nominal GDP and Real GDP is the measurement of all final goods and services produced in the economy during a given year. Nominal GPD calculated using the prices current in the year in which the output is produced and Real GDP is calculated using the price of a selected base year.

  **GDP deflator VS CPI:** GDP deflator is the ratio of nominal GDP to Real GDP to measure the prices of all goods and services **and** CPI is the measure of the prices of all goods and services brought by the consumers.

6. **Chapter 24 +(25-34)**

- **Frictional Unemployment** is unemployment due to the time workers spend in job search.
  **Structural Unemployment** is unemployment that results when there are more people seeking jobs in a labour than there are jobs available at the current wage rate.
  **Natural Unemployment** is Fictional unemployment + Structural unemployment.
  **Cyclical Unemployment** is the difference between the actual and natural rates of unemployment that arises from the business cycle.

- **Inflation VS Deflation VS Disinflation:**
  **Inflation** is a rise of overall level of prices and **Deflation** is a falling of overall level of price and **Disinflation** is the process of bringing the inflation rate down.

- **Budget Balance** is the difference between tax revenue and government spending
  **Budget Surplus** is the difference between tax revenue and government spending when tax revenue exceeds government spending.
  **Budget Deficit** is the difference between tax revenue and government spending when government spending exceeds tax revenue.
  **National Savings** is the total amount of savings generated within the economy.

- **Demand Shock:** An event that shifts the aggregate demand curve.
  **Supply Shock:** An event that shifts the short-run aggregate supply curve
  **Stagflation** is the combination of inflation and falling aggregate output.
  **Balance of Payment:** A country's BOP accounts are a summary of the country's monetary transactions with other countries.

- **Expansionary monetary policy:** Monetary policy that increases aggregate demand using existing rules.
  **Contractionary monetary policy:** Monetary policy that reduces aggregated demand using existing rules.

**Discretionary monetary policy:** Monetary policy that is the result of deliberate actions by policy makers rather than rules.

- **Foreign Exchange market** is the market in which currencies can be exchanged for each other.
  **Exchange Rate:** The price at which currencies trade are known as exchange rates.
  **Foreign Exchange Reserves** are stocks of foreign currency that government maintain for investment, transactions & international debt obligations.