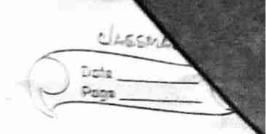# Introduction to Economics

☆ Introduction to Economics:
(1) History of Economics
(2) Definitions of Economics : SMRS
(3) Scope of Economics
   1) Development Economics
   2) Microeconomics
   3) Macroeconomics
   4) International Economics
   5) Environmental Economics
   6) Urban and rural Economics
(4) Difference between Macro and Micro Economics:
(5) Nature of Economics

☆ Theory of Demand and Supply
(1) Meaning of Demand and supply - Law of Demand/supply
(2) Determinants of Demand and supply
   1) Determinants of Demand
      (i) Price   (ii) Numbers of buyers
      (iii) Income   (iv) Future Expectations
      (v) Price of relative goods (v) Tastes
   2) Determinants of supply
      (i) Selling Price   (ii) Number of sellers
      (iii) Price of raw material (iv) Future Expectations
      (v) Technology
(3) Law of Demand and supply

☆ Elasticity
(1) Elasticity of Demand
(2) Determinants of Elasticity of Demand
   1) Substitutes of the Product
   2) Complementary Products
   3) Types of goods
   4) Income of consumer
(3) Price, Income and Cross Elasticity of Demand:

1) Price Elasticity of Demand

$$= \frac{\text{\% Change in the Quantity Demanded}}{\text{\% Change in the Price of the Product}}$$

2) Income Elasticity of Demand

$$= \frac{\text{\% Change in the Quantity Demanded}}{\text{\% Change in the Income of Buyer}}$$

3) Cross Elasticity of Demand

$$= \frac{\text{\% Change in the Quantity Demanded}}{\text{\% Change in the Price of good 2}} \quad \text{of good}$$

If Goods => Substitute   ~> Cross ED -> +

If Goods => Complements   ~> Cross ED -> -

Chapter-2

Theory of Production and Cost

★ Meaning and Factors of Production
→ Factors of Production
1) Land   2) Labor   3) Capital   4) Entrepreneurship

★ Laws of Production
(1) Law of Variable Proportions
(2) Law of Returns to Scale
   1) Law of Increasing Returns
   2) Law of Constant Returns
   3) Law of Diminishing Returns

★ Concepts of Costs

Profit = Total Revenue - Total Costs

(1) Total, Fixed and Variable Costs

Total Cost (TC) = Fixed Cost (TFC) + Variable Cost (TVC)

(2) Direct and Indirect Costs
(3) Average and Marginal Cost

→ $\left(\dfrac{\text{Average}}{\text{Cost}}\right) = \dfrac{\text{Total Cost}}{\text{Quantity Produced}} = \dfrac{\text{Average fixed Cost}}{+ \text{Average Variable Cost}}$

→ $\left(\dfrac{\text{Marginal}}{\text{Cost}}\right) = \dfrac{\text{Change in Total Cost}}{\text{Change in Quantity Produced}} = \dfrac{\Delta TC}{\Delta Q}$

(4) Incremental Cost
(5) Recurring and Non-recurring cost
(6) Sunk Cost
(7) Implicit Cost
(8) Opportunity cost
(9) Cash Cost
(10) Short run and Long run Cost

★ Break Even Analysis & Break Even Point (BEP)

Sales Revenue = All Variable and Fixed cost

(1) Assumptions of BEP
(2) Methods to find out BEP
   1) BEP in physical Quantity Produced

$BEP = \dfrac{\text{Total Fixed Cost}}{\text{Contribution Per unit}} = \dfrac{FC}{SP-VC} = \dfrac{FC}{C}$ Revenue

Where, C (Contribution) = Variable Cost

2) BEP in terms of Sales Volume

$$BEP = \frac{Fixed\ Cost}{Contribution\ Ratio} = \frac{FC}{CR}$$

Where, $CR = \frac{Total\ Sales - Total\ Variable\ Costs}{Total\ Sales}$

(3) Limitations of BEP

Chapter-3

Concepts of Markets and National Income

* **Various Types of Market:**
* **Perfect Competitive Market and its Price Determination**
  (1) Price Determination in Perfect Competitive Market
  (2) Change in price and its effect on economic Profit
* **Monopoly Market and Price Determination**
  -> Difference between Perfect competition and Monopoly
  -> Price Determination in the Monopoly Market
* **Monopolistic Market and Price Determination**
  -> Price Determination in the Monopolistic Market
* ~~ **Oligopoly Market and Price Determination**
* **Nation Income - concept and definitions**
* **Stock and Flow Concept**
* **Valuation Approaches for National Income**
  (1) National Income at Current Price
  (2) National Income at constant Price
* **Terminologies related to National Income**
  (1) Gross National Product (GNP)
  (2) Gross Domestic Product (GDP)
  (3) Net National Product (NNP)
  (4) Net Domestic Product (NDP)
  (5) Personal Income
  (6) Disposable Income

Chapter - 4

Basic Economic's Problems
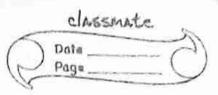
☆ Introduction to Pressure Poverty

→ Poverty Line

→ Some of the statistical facts on Poverty.

☆ Absolute Poverty and Relative Poverty

☆ Causes of Poverty

(1) Unemployment   (2) Corruption

(3) High population growth   (4) Inflation

(5) Land inequality & social justice (6) Landowners & Powerful Pressure groups

(7) Less priority to agriculture sector (8) Neglecting the poor once by Government

(9) Lack of decent housing   (10) Market liberalization and globalization

(11) Health among the main causes of Poverty in india.

☆ Measures to Reduce Poverty

(1) Employment opportunities   (2) Uplift of Agriculture

(3) Education   (4) Establishment of small scale Industries

(5) Reduce Inflation   (6) Check Population growth

(7) Proper Utilization of Resources

☆ Introduction to Unemployment

☆ Types of Unemployment

(1) Causal Unemployment   (2) Disguised Unemployment

(3) Seasonal Unemployment   (4) Voluntary Unemployment

☆ Causes of Unemployment

(1) Illiteracy (2) Technology (3) Population Growth (4) Social and Cultural factors

☆ Remedies to Unemployment

(1) Reform in the education system (2) Population Control

(3) Self-Employment schemes   (4) Policy towards Seasonal unemployment

(5) Rapid Industrialization

☆ Meaning of Inflation

☆ Types of Inflation

(1) Demand-Pull (2) Cost-Push (3) Pricing power (4) Sectorial

☆ Causes of Inflation

(1) Unfavourable agricultural Production (2) Hoarding (3) Deficit financing
(4) Population & black money (5) Upward revision of administered Prices (6) Increase in indirect taxes (7) Increase in wage

☆ Remedies of Inflation
(1) Monetary Measures (2) Fiscal Measures (3) Other Measures

Money and Banking

★ Meaning of Money
★ Functions of Money
(1) Money is a unit of Account
(2) Money is a Medium of Exchange
(3) Money is a Store of value
(4) Money acts as Standard of Deferred Payment
★ Types of Money
(1) Commercial Money
(2) Commodity Money
(3) Fiat Money
(4) Fiduciary Money
★ Monetary Policy
(1) Meaning of Monetary Policy
(2) Objectives of Monetary Policy
  1) Price Stability
  2) Rapid Economic Growth
  3) Balance of Payments Equilibrium
  4) Full Employment
  5) Equal Income Distribution
  6) Exchange rate Stability
(3) Tools of Monetary Policy
  1) Control on Supply of Money
  2) Control on Demand of Money
  3) Managing the risk in Banking
★ Fiscal Policy
(1) Meaning of Fiscal Policy
(2) Objectives of Fiscal Policy
  1) Mobilization of Resources
  2) Effective allocation of Financial Resources
  3) Attempt to reduce inequality
  4) Control the inflation
  5) Employment Generation
  6) Capital Formation

(3) Tools of Fiscal Policy
    1) Revenue tools
    2) Spending tools

✴ Meaning of Banking
✴ Types of Banking
(1) Central Bank of India (RBI)
(2) Commercial Banks
    1) Public Sector Banks
    2) Private Sector Banks
    3) Foreign Banks
(3) Development Banks
(4) Co-operative Banks
(5) Specialized Banks

✴ Functions of Banking
(1) Primary Functions of Banks
    1) Accepting Deposits
      (i) Saving Deposits   (ii) Fixed Deposits
      (iii) Current Deposits   (iv) Recurring Deposits
    2) Granting of Loans and Advances
      (i) Overdraft   (ii) Cash Credits
      (iii) Loans   (iv) Discounting of Bill of exchange

(2) Secondary Functions of Banks
    1) Agency Functions
      (i) Transfer of Funds   (ii) Collection of Cheques
      (iii) Periodic Payments   (iv) Portfolio Management
      (v) Periodic Collections   (vi) Other Agency Functions
    2) General Utility Functions
      (i) Issue of Drafts, Letter of Credits, etc.
      (ii) Locker Facility
      (iii) Underwriting of shares
      (iv) Dealing in Foreign Exchange
      (v) Project Reports
      (vi) Social Welfare Programs
      (vii) Other Utility Functions

⭐ Central Bank of India: RBI - Functions of RBI
(1) Currency Issuing Authority
(2) Control of Money supply and Credit
(3) Management of Forex
(4) Banker of Banks
(5) Maintenance of Indian Financial structure
(6) Banker of the Banks
(7) Supervision of the Banks

⭐ Different types of Banking Rates
(1) Cash Reserve Ratio (CRR)
(2) Bank Rate
(3) Repo Rate
(4) Reverse Repo Rate
(5) Statutory Liquidity Ratio (SLR)

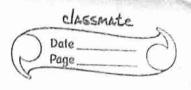# Chapter - 6
Introduction & History of Management

A Definitions and Concept of Management

(1) Definitions of Management

(2) Objectives of Management
   (i) Organizational objectives
   (ii) Personal Objectives
   (iii) Social Objectives

(3) Characteristics of Management
   (i) Management is a continuous process
   (ii) Management is an Integrative Force of manpower
   (iii) Central theme of management is people
   (iv) Management is goal-oriented
   (v) Management is multidisciplinary
   (vi) Management is intangible
   (vii) Management is an art as well as science

(4) Concept of Management
   (i) Management as a team
   (ii) Management as an activity
      (a) Informational activities
      (b) Decisional activities
      (c) Inter-Personal activities
   (iii) Management as a Process
      (a) Management is a social Process
      (b) Management is a integrating Process
      (c) Management is a Continuous Process
   (iv) Management as an economic resource
   (v) Management as an academic discipline

A Management is an Art and Science
   → Management is a science
   (i) Universally acceptance principles
   (ii) Experimentation & observation
   (iii) Cause & Effect Relationship
   (iv) Test of Validity and Predictability

→ Management is an art
 (i) Practical knowledge
 (ii) Personal skill
 (iii) Creativity
 (iv) Perfection through practice
→ Management is a science and an art
⭐ Difference between Management and Administration
⭐ Types of Management
 (1) Top Level Management (Administrative Level)
 (2) Middle Level Management (Executory Level)
 (3) Low Level Management (operative/First-line level)
⭐ Skill and Role of Managers:
 (1) Skills of Managers
  (i) Technical Skills (2) Human Skills (3) Conceptual skills
 (2) Role of Managers
  (i) Interpersonal Roles
   (a) Liaison   (b) Leader   (c) Figurehead
  (ii) Informational Roles
   (a) Monitor (b) Disseminator (c) Spokesperson
  (iii) Decisional Roles
   (a) Entrepreneur (b) Disturbance Handler (c) Resource
⭐ Introduction to Ancient Management   (d) Navigator   Allocator
⭐ ① Scientific Principles based Management Theories
 (1) Contribution by F.W. Taylor
  (a) Time and motion study
  (b) Differential Payment
  (c) Scientific recruitment and training
  (d) Need for cooperation between management and workers
  (e) Scientific approach to work
 ② Contribution by Gilberths
⭐ Administrative principles based Management Theories

(1) Contribution of Henri Fayol
  ~> Fayol's 14 Principles of Management
     (a) Division of labor
     (b) Autority
     (c) Discipline
     (d) Unity of command
     (e) Unity of direction
     (f) Subordination of individual interest
     (g) Remuneration
     (h) Centralization
     (i) Scalar chain
     (j) Order
     (k) Equity
     (l) Stability and tenure of staff
     (m) Initiative
     (n) Esprit de coops

(2) Contribution of Max Weber
   (i) Management by rules
   (ii) Division of labor
   (iii) Formal hierarchical Structure
   (iv) Personnel hired on grounds of technical competence
   (v) Managers are salaried officials
   (vi) Written documents
      -> Advantages of Weber's Bureaucracy
      -> Disadvantages of Weber's Bureaucracy

   ☆ Maslow's Hierarchy of Needs Theory
      -> Types of needs :
      (1) Physiological Needs
      (2) Safety Needs
      (3) Belongingness and Love Needs
      (4) Esteem Needs
      (5) Self-actualization