IMEV3002 FUNDAMENTAL OF ECONOMICS ANALYSIS (3-0-0)

Course Objectives:

- To understand the basic microeconomic principles
- To understand the importance of the key assumptions underlying microeconomic models
- To study the basic theories of consumer behaviour.
- To study the basic theories of firm behaviour.

Module-I The Art and Science of Economic Analysis:

The Economic Problems:- Scarce resources, Unlimited wants, Economic decision makers

The Art of Economic Analysis:- Rational Self-Interest, Choice requires time and information, Economic analysis is Marginal analysis, Micro Economics and Macro Economics.

The Science of Economic Analysis:- The Role of Theory, The scientific method, Normative versus Positive, Predicting Average behaviour.

Some pitfalls of Faulty Economic Analysis:- The fallacy that Association is Causation, The Fallacy of Composition, The mistake of ignoring the secondary effects.

Module-II Consumer Choice and Demand Analysis:

Utility Analysis (the law of diminishing marginal utility), Measuring utility (units of utility, utility maximizing conditions), Marginal utility and the law of demand (consumer surplus and Market demand), The role of Time in demand, Indifference curves theory of demand (properties of indifference curve, MRS, Budget line, consumer equilibrium, substitution and income effect), Determinants of demand, Law of demand and its exceptions, Demand schedule and demand curves, shifting of demand curve, Law of Supply, Market equilibrium, Elasticity of demand: Price elasticity of demand and its categories, Estimation of Consumer security in difference curve analysis, price elasticity of demand, elasticity and total revenue, income elasticity of demand, cross elasticity of demand.

Module-III Production and Cost Analysis:

The organization of production and production Function, The production Function with one variable input, The production function with two variable input, The Nature of costs, costs as opportunity costs, Accounting versus Economic costs, Variable and Fixed costs, Short run cost function, Long run cost function, Economies and Diseconomies of scale, Revenue concepts.

Theory of Distribution: Marginal productivity theory; Theory of Wages, Concepts and Theories of Rent, Concepts and Theories of Interest, Concepts and Theories of Profit.

Course Outcomes:

CO-1: Interpret the fundamental principles of microeconomics and articulate the underlying concepts of economic theory.

CO-2: Apply the principles of cardinal and ordinal utility approaches to solve economic problems and critically evaluate their implications in various scenarios.

CO-3: Analyse the relationship between cost and production to determine their impact on the pricing and output decisions of a firm.

CO-4: Achieve conceptual clarity on revenue through the examination and distinction of different revenue types and their role in business strategy.

CO-5: Examine the factors that influence the determination of wages, rent, interest, and profit in an economic context.

Books

- Economic Analysis: Dr. D.M. Mithani; HPH
- Micro Economics: Dr. P. K. Meheta; Taxmann
- Macro Economics: Dr. Sangita ;Taxmann
- Managerial Economics: Dr. P. N. Chopra; Kalyani