

21AECO141 FUNDAMENTALS OF ECONOMICS

Hours Per Week :

| | | | |
|---|---|---|---|
| L | T | P | C |
| 3 | - | - | 3 |

Total Hours :

| | | |
|----|---|---|
| L | T | P |
| 45 | - | - |

Course Description and Objectives:

This course aims to introduce the basic principles of economics that helps in better understanding de mand and supply relations including the problem of economic decision - making, laws of economics, production economics and macro-economic concepts

Course Outcomes:

Upon completion of the course, the student will be able to achieve the following outcomes:

| COs | Course Outcomes |
|-----|---|
| 1 | Enable to apply economic principles to describe and explain models of production, supply and demand of agricultural commodities and food products |
| 2 | Understand the law of utility, market structure and the problem of economic decision making |
| 3 | Identify elements of business success in agriculture and food-processing |

SKILLS:

- ✓ *Analyze the present situation of Agricultural marketing*
- ✓ *Assess the supply and demand situations*
- ✓ *Prepare plans for effective agricultural marketing channels*



Source :

<https://www.harvestreturns.com/blog/2018/5/25/alternative-investment-agriculture-bond-market>

ACTIVITIES:

- o Visit different agricultural markets
- o Visit farmers' Co-operative societies and market yards
- o Solve the problems of economics and make valid decisions

UNIT - 1

Introduction to Agricultural Economics: Economic activity and economy - Economics - Meaning, scope and subject matter, definitions, Approaches to economic analysis; micro and macro economics. updates of the economic survey present to parliament every year- Definition of Agricultural economics, Importance of Agricultural economics.

Micro Economics: Positive and normative analysis. Nature of economic theory-rationality assumption, economic laws as generalization of human behaviour. Basic concepts: scarcity, choice and decision making, Goods and services, wants, demand, utility, cost and price, wealth, capital, income, investment, welfare, efficiency, equilibrium, and firm.

Assignment / Case study: Students to collect details on major global recessions occurred in modern world and reasons to be discussed

UNIT - 2

Demand: Meaning, Law of demand, Demand schedule and Demand curve, Determinants, Utility theory; law of diminishing marginal utility, Equi-marginal utility principle. Indifference curve analysis, Consumer's equilibrium and derivation of demand curve, concept of consumer surplus. Elasticity of demand: concept and measurement of price elasticity, income elasticity and cross elasticity.

UNIT - 3

Supply: Meaning, Law of Supply, Supply Schedule & Supply curve. Determinants Elasticity of Supply concept & Degree of price elasticity of Supply.

Public Finance / Public policy: Meaning importance, Public revenue and public expenditure (Planned and Unplanned expenditure) and their importance. Sources of public revenue, Taxes: meaning, direct and indirect taxes, agricultural taxation, VAT and GST. Fiscal policy, and scope of fiscal policy.

Markets & Market Structure: Characteristics of monopolistic competition in monopoly, duopoly, oligopoly, monopsony, Duopsony & oligopsony with examples.

Assignment / Case study: Students to collect public revenue and public expenditure figures from the Central and state governments (compare with previous year budget vs Actual)

UNIT - 4

Money: Evolution, meaning and functions of money, classification of money, flows of money in the economy, money supply, general price index, inflation and deflation.

Banking: Role in modern economy, borrowing and lending, functions of commercial and central bank, credit ; meaning, role of credit in modern economy, credit policy. Monetary policy and scope of monetary policy

Assignment / Case study: Students to collect details about the prevailing monetary policy

UNIT - 5

Macro Economics: Economic systems, Concepts of economy and its functions, important features of capitalistic, socialistic and mixed economies, elements of economic planning, National Income concepts, The General Theory of Employment, Interest and Money (Relation between savings, investment, growth and employment generation)

Assignment / Case study : Students to collect and interpret past 20 years GDP growth rates and employment rate

REFERENCES:

1. Dewett, K.K. and Varma, J.D. 2003. *Elementary Economic Theory*. S. Chand and Co., New Delhi.
2. Dewett, K.K and Chand, A. 2009. *Modern Economic Theory*. S.Chand and Co., New Delhi
3. Paul A. Samuelson and Nordhus. 2010. *Economics*. 19th Edition, Tata-McGraw Hill Education, New Delhi.
4. Jhingan, M.L.1990. *Advanced Economic Theory*. Vikas Publishing House, New Delhi
5. Koutsoyiannis. 2015. *Modern Microeconomics*. Tata Mac-Graw Hill Publishers, New Delhi
6. *The Economy* 2016, www.core-econ.org.

E- RESOURCES :

1. RBI website for reports on monetary policy
2. <https://www.indiabudget.gov.in/mtfpcfps.php> - official website Government of INDIA
Ministry of Finance

