



AOEC501: FUNDAMENTALS OF ECONOMICS

Contact hours: 72

Credits: 3

Learning Objectives

This course is designed to make the undergraduate students of other disciplines aware of the basic ideas and concepts in Economics.

Module I: Basic Concepts

Economics - micro and macro – deduction and induction – basic economic problems - production possibility curve. Utility – total and marginal. Law of Demand – elasticity of demand - price elasticity - types. Law of supply. National income – meaning and concepts- Price Indices in India –WPI, CPI-Inflation (16 hrs)

Module II: Public Economics

State vs Market - public revenue - tax and non-tax revenue – direct and indirect taxes – major direct and indirect taxes in India - public debt and public expenditure – budget – types - fiscal deficit - revenue deficit - trade cycle and its phases - fiscal and monetary policies as tools for combating inflation and deflation. (16 hrs)

Module III: Financial System and International Trade

Money and its functions – Negotiable and non-negotiable instruments – cheques – drafts - bills of exchange – promissory notes-letter of credit - certificate of deposits – commercial papers - banking and non-banking institutions - commercial banks – recent trends in Indian commercial banking – (Core Banking, Internet Banking, Mobile Banking, ATM/Debit & Credit Cards) - RBI – functions - money and capital market – major financial instruments – shares, debentures and bonds – Insurance: meaning, nature and types - stock exchange – BSE, NSE – stock market indices – SEBI - mutual funds.

Terms of trade - balance of trade - balance of payments -measures of correction - foreign exchange - exchange rate – spot – forward – fixed – floating - IMF, World Bank – WTO.

(25 hrs)

Module IV: Indian Economic Development

An overview of Planning in India - Planning Commission – Finance Commission - current Five Year Plan – Green revolution – changing pattern of India's industrialisation -



Liberalization - Privatization - Globalization (LPG) – Major features of population in India and Kerala - Kerala model of development (15 hrs)

Readings:

1. R.R. Paul (2008), Monetary Economics, Kalyani Publishers, Ludhiana
2. V.K. Bhalla (2008), Investment Management, S. Chand & Co., New Delhi.
3. Robert S. Pindyck et al., (recent edition) Micro Economics, Pearson Education, Delhi.
4. Bo Sodersten & Reed Dominic, International Economics, Palgrave
5. Samuelson (2009), Economics, Tata McGraw Hill, New Delhi.
6. Gaurav Datt & Ashwani Mahajan, (recent edition) Datt & Sundharam Indian Economy, S. Chand & Co., New Delhi (recent edition)
7. Alwin Prakash, Kerala's Economic Development (2004), Sage Publications, New Delhi.
8. Meera Bai M. (ed) (2008), Kerala Economy, Serials Publication, New Delhi.