

Course title: Principles of Economics				
Course code: MPD 143	No. of credits: 3	L-T-P: 37-08-00	Learning hours: 45	
Pre-requisite course code and title (if any): NA				
Department: Department of Policy and Management Studies				
Course coordinator(s): Dr Gopal Sarangi		Course instructor(s): Dr Gopal Sarangi		
Contact details: gopal.sarangi@terisas.ac.in				
Course type: Core		Course offered in: Semester 1		
Course description This introductory course primarily covers the core and fundamental aspects of microeconomics and macroeconomics. The goal of this course is to make students understand the key economic concepts, theories, and principles and how they relate to the world they live in. The emphasis is laid on building students critical thinking and analytical abilities in microeconomics and macroeconomics. The central focus of this course is how and why markets (one important mechanism for allocating scarce resources) operate, and why markets and pricing principles are fundamental in trade-off and choice questions. Besides, how the key economic decisions are made by households and firms are discussed and exemplified. Production, costs, and market structures are analyzed at firm level. Key macro-economic issues such as output, income, and employment are discussed and their impact on inflation and other macroeconomic indicators are examined. In each module, Indian context is highlighted so that students can connect theories to practice and to policies. Explanations of economic concepts are supplemented by application-based cases studies and live examples.				
Course objectives-				
<ul style="list-style-type: none"> - To develop students critical thinking and analytical abilities around concepts of economics - To make students understand key economic principles, theories and relate it to the world they live in. - To make students understand how and why markets work and how prices are determined - To understand and analyze how output and income are determined at an aggregated level and impact the (un)employment and inflation - To help students hone skill sets of analyzing, interpreting economic variables through diagrams, and graphs 				
Course content				
Module	Topic	L	T	P
I	Introduction to economics <ul style="list-style-type: none"> - Basic concepts of Economics - Understanding the philosophy o of economics - Nature of economics: Is economics a science or an art? - Definitional pluralities and distinctions such as micro-versus macro, theories versus models - A brief history of ideas in economics - Techniques of economic analysis: theories, models and tools 	4	0	0
II	Demand, Supply, Elasticities, and Market Efficiency <ul style="list-style-type: none"> - The economic problem of scarcity, choice, and opportunity cost - Demand, supply, and market equilibrium - Demand and supply applications - Consumer surplus and producer's surplus - Market efficiency and their applications - Elasticity: its various forms and estimation methods, elasticity, and total revenue - Elasticity applications in the field of energy and environment - Utility, Preferences and Choice - Budget constraints, determination of optimal choices using indifference curve analysis and its applications - Behavioral economics as an alternative framework of consumer choice 	8	2	0
III	Production and Cost <ul style="list-style-type: none"> - Production Theory - Production function and different forms - Short-run and long-run production function, Isoquants, MRTS - Total, average, and marginal products Economies of scale and scope - Theory of cost - Short-run and long run costs, cost minimization - Total, average and marginal costs - Applications of production and costs theory 	8	2	0
IV	Market structure and regulation <ul style="list-style-type: none"> - Market equilibrium and price determination under different market structure - Perfect and Imperfect market structure, welfare costs of monopoly - Market structure, efficiency, and regulation - Regulation of public monopolies - Application in case of infrastructure industries such as energy and water 	6	2	0

V	National Income Accounting <ul style="list-style-type: none"> - Measuring national income, output, and employment – different approaches - Determination of aggregate output, price level and interest rate – classical, Keynesian, and modern theories and approaches - GDP estimation in India 	6	1	0
VI	Macro-economic policies <ul style="list-style-type: none"> - Policy effects: monetary and fiscal policy - Indian monetary and fiscal policies: evidence from its evolving dynamics - Open economy macro-economic: balance of payment, exchange rate, international trade, Indian case study 	5	1	0
Total		37	8	0
Evaluation criteria:				
<ul style="list-style-type: none"> • Minor Test 1: 20% • Assignment (individual): 20 % • Summative Quizzes: 10% • Classroom exercises: 10 % • Major Test: 40% 				
Learning outcomes				
By the end of the course, students would be able to –				
<ul style="list-style-type: none"> - understand the core micro and macroeconomic concepts, theories, models, principles, tools, and techniques - understanding the role of market and prices in influencing key economic activities - develop the skills to interpret, analyze the economic concepts and variables through diagrams, tables and graphs - relate the key economic principles to real life situations, especially in the context of development challenges which would help students to make informed decisions 				
Pedagogical approach				
The course will be delivered through a mix of classroom lectures, quizzes, discussions, classroom exercises and assignments and case studies discussion and presentation.				
Course Reading Materials				
Suggested core readings:				
<ul style="list-style-type: none"> - Principles of Economics, Karl Case, Ray Fair, and Sharon Oster, 12th Edition, Pearson Education Inc., 2017. - Principles of Economics, Mankiw, N. Gregory, 4th edition. South-Western College Publications, 2006. - Principles of Economics, Stiglitz, J.E. and C.E. Walsh, 3rd Edition. New York: W.W. Norton & Company, 2002. - Macro Economics, R. Dornbusch, S. Fischer, and R. Startz, 10th Edition, Tata-McGraw-Hill, 2012. - Macroeconomics, Olivier Blanchard, 5th edition, Pearson Education Inc., 2009. 				
Advanced Reading Material				
<ul style="list-style-type: none"> - Intermediate Micro-economics: A Modern Approach, H.L Varian, 8th Edition, W.W. Norton & Company, 2010. - Fundamentals of Microeconomics, C. Snyder and W. Nicholson, 11th Edition, Cengage Learning (India), 2012. - Macro-Economics: Theory and Policy, W.H. Branson, Third Edition, East-West Press, 2005. - Macroeconomics, Richard T. Froyen, 2nd Edition, Pearson Education Asia, 2005 				
Additional readings				
<ul style="list-style-type: none"> - An Inquiry into the Nature and Causes of the Wealth of Nations, Adam Smith - Economics: A Very Short Introduction, Partha Dasgupta, First Edition, Oxford University Press, 2007 - The Company of Strangers, Paul Seabright, Princeton University Press, 2010 - Free to Choose, Milton Friedman and Rose Director Friedman, First Edition, Mariner Books, 1990 - The Armchair Economist: Economics and Everyday Life, Steven E. Landsburg, The Free Press, New York, 2012 				
Additional information				
Student responsibilities				
Attendance: At-least 75% attendance will be necessary to be able to appear for the final exam				
Course reviewers:				
Prof. Saon Ray, Professor, ICRIER Dr Chandra Sekhar Bahinipati, Assistant Professor, IIT Tirupati				

This Course outline was prepared by Dr Gopal Sarangi and approved by the 53rd Academic Council Meeting on 26th August 2022 at TERI School of Advanced Studies, New Delhi.