Contents

ix

Preface

Introduction

		Agriculture Economics ix	
		Nature of Agricultural Economics ix	
		Subject Matter or Scope/	
		Importance of Agriculture in	
		Economic Development xi	
		Section A	
		MICROECONOMICS	
1.	Econ	nomics and Agricultural Economics	3
	1.1	Definitions of Economics 4	
	1.2	Scope or Subject Matter of Economics 8	
	1.3	Nature of Economics 12	
	1.4	Limitations of Economics 14	
	1.5	Importance of Economics 14	
	1.6	Economic Theory 15	
	1.7	Economic Model/Laws/Method 16	
	1.8	Method of Economic Model 18	
2.	Con	sumer Decision Theory	21
		Utility Analysis 21	
	2.1	Cardinal Approach of Consumer	
		Behaviour/Decision/Equilibrium 22	

3.

4.

2.2	Assumptions/Conditions under which Consumer takes Decision/Choice 22
2.3	Concept and Relationship of Utility 24
	Features or Characteristics of Utility 24
	Difference and Relation between Total Utility and Marginal Utility 25
2.6	Significance of Difference in TU and MU 26
	Laws of Utility 27
2.8	Consumer Equilibrium/Decision/Choice/Behaviour Theory 31
2.9	Consumer behaviour theory–II or Consumer Decision/Choice/Equilibrium Theory-II or IInd Logical Theory of Demand or Ordinal Analysis or Hicks Approach (1939) or Indifference Curve Analysis 38
2.10	Assumptions/Conditions of Ordinal Theory 39
2.11	Indifference Curves 41
2.12	Properties/Features of Indifference Curve 42
2.13	The Budget Constraint of the Consumer (Price Line/Income Line/Budget Line) 46
2.14	Properties of Budget Line 47
2.15	Conditions for Consumer Equilibrium/Decision/ Choice 51
Cons	sumer's Surplus 53
3.1	Measurement of Consumer Surplus 54
Dem	and 57
	Elements of Demand 57
4.2	Type of Demand 59
4.3	Demand Function 62
4.4	Law of Demand (Movement Along with a Demand Curve) 65
4.5	Assumptions/Conditions of the Demand 66
4.6	Explanation of the Law of Demand 66
4.7	Why the demand curve is downward slope? or What are the reasons for law of demand application? or Why does the law of demand apply? 67

Contents xv

	4.8	Difference between Inferior Goods and Giffin Goods 69		
	4.9	(Why the Demand Curve Positive Sloped) or Why the Law of Demand Fails 70		
	4.10	Shift in Demand Curve 71		
	4.11	Causes of Increase in Demand or Rightward Shift in Demand Curve 72		
	4.12	Causes of Decrease in Demand or (Leftward Shift in Demand Curve) 72		
	4.13	Difference Between Increase in Demand and Decrease in Demand 73		
	4.14	Difference Between Increase in Demand and Expansion in Demand 73		
	4.15	Difference between decrease in demand and contraction of demand 74		
	4.16	Elasticity of Demand 74		
	4.17	Comparison between Law of Demand and Elasticity of Demand 75		
	4.18	Type/Degree of Price Elasticity of Demand 78		
	4.19	Method of Price Elasticity of Demand 80		
	4.20	Factors Affecting Price Elasticity of Demand 90		
	4.21	Income Elasticity of Demand 90		
		Degree/Type of Income Elasticity of Demand 91		
		Cross Elasticity of Demand 93		
	4.24	Kind/Degree/Type of Cross Elasticity of Demand 93		
5.	Supp	· -		
		Definition of Supply 97		
		Difference between Supply and Stock 97		
		Supply Function 98		
	5.3	The Law of Supply 99		
		Change in Supply 102		
		Price Elasticity of Supply 106		
		Factors Affecting Price Elasticity of Supply 107		
	5.7	Measurement of Price Elasticity of Supply 108		

Section B
MACRO AND DEVELOPMENT ECONOMICS

6.	Nati	onal Income	115
	6.1	Type of GDP 116	
	6.2	Product Method or Value Added Method 117	
	6.3	Income Method 122	
	6.4	Expenditure Method 125	
	6.5	Concept Related to Output and	
		Income of a Country 127	
		Related Aggregates 129	
7.	Infla	ation	131
	7.1	Desirable Rate of Inflation 132	
	7.2	Method of Measuring Inflation 134	
	7.3	Type of Inflation 138	
	7.4	Causes and Effect of Inflation 142	
	7.5	Effects of Inflation 144	
	7.6	Measures to Control Inflation 144	
8.	Basi	c Concepts of Economic Growth	
		Development	147
	8.1	Economic Growth 148	
	8.2	Type of Growth 149	
	8.3	Features of Economic Growth 151	
	8.4	Economic Development 152	
	8.5	Characteristics of Economic Development 153	
	8.6	Determinants of Economic Development 155	
	8.7	Underdeveloped Economy—	
		Meaning and Characteristics 157	
	8.8	Meaning of Underdeveloped Countries (UDCs)	158