GEC S2-01

Introduction to Economic Theory - II

SEMESTER - II

ECONOMICS

BLOCK - 3

KRISHNA KANTA HANDIQUI STATE OPEN UNIVERSITY

Subject Experts

1. Professor Srinath Baruah, V.C., KKHSOU
2. Professor Madhurjya P. Bezbaruah, Dept. of Economics, G.U.
3. Dr. Nissar A. Barua, Dept. of Economics, G.U.
4. Dr. Ratul Mahanta, Dept. of Economics, G.U.

Course Co-ordinator : Bhaskar Sarmah, KKHSOU

SLM Preparation Team

Units	Contributors	Editors
11	**Swarup Jyoti Sarma**	***Content:***
	Dakshin Kamrup College, Mirza.	**Dr. Gautam Mazumdar**
12	**Dr. Jitu Tamuli**	Cotton University, Guwahati
	T. H. B. College, Jamugurihat	***Language:***
13,14	**Bhaskar Sarmah**, KKHSOU	**Dr. Debajit Das,** Dakshin Kamrup College, Mirza
15	**Bidisha Mahanta Hazarika**	**Himangshu Barman,** D. K. College, Mirza
	Doomdooma College	***Structure, Format & Graphics:***
		Bhaskar Sarmah, KKHSOU

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Headquarters: Patgaon, Rani Gate, Guwahati - 781017
City Centre: Housefed Complex, Dispur, Guwahati - 781006; web : www.kkhsou.in

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BLOCK INTRODUCTION

This is the third and last block of the course entitled “Introduction to Economic Theory-II”. This block contains five units from unit 11 to unit 15. In the eleventh unit, the concept of IS-LM has been discussed. In this unit, concepts like the meaning of both IS and LM, their derivation, slopes and shifts have been discussed. Apart from those, the interaction of IS-LM curve has also been discussed. In the twelfth unit, concept of accelerator has been discussed. Thus, the principle of acceleration, operation of the accelerator, its assumptions and criticisms have been discussed. In the thirteenth unit, the concept of business cycles has been discussed. Thus, the meaning and definition of business cycles, different phases of business cycles and their significance, causes of business cycles and a few remedial measures have been discussed. In the next unit, two important theories in the study of business cycles, viz., Samuelson’s theory and Hicks’ theory have been discussed. In the last unit of the block, which also happens to be last unit of the course, deliberates upon Welfare Economics. In this unit, concept of welfare, concepts of individual and social welfare, role of value judgement in Welfare Economics have been discussed. Apart from that, two important theories, viz., Pigou and Pareto’s theories have been discussed.

In a nutshell, the undergoing of this course, along with the previous semester’s course would familiarise you with the fundamental concepts of Economics.

This block includes some along-side boxes to help you know some of the difficult, unseen terms. Some “ACTIVITY’ have been included to help you apply your own thoughts. And, at the end of each section, you will get “CHECK YOUR PROGRESS” questions. These have been designed to self-check your progress of study. It will be better if you solve the problems put in these boxes immediately after you go through the sections of the units and then match your answers with “ANSWERS TO CHECK YOUR PROGRESS” given at the end of each unit.