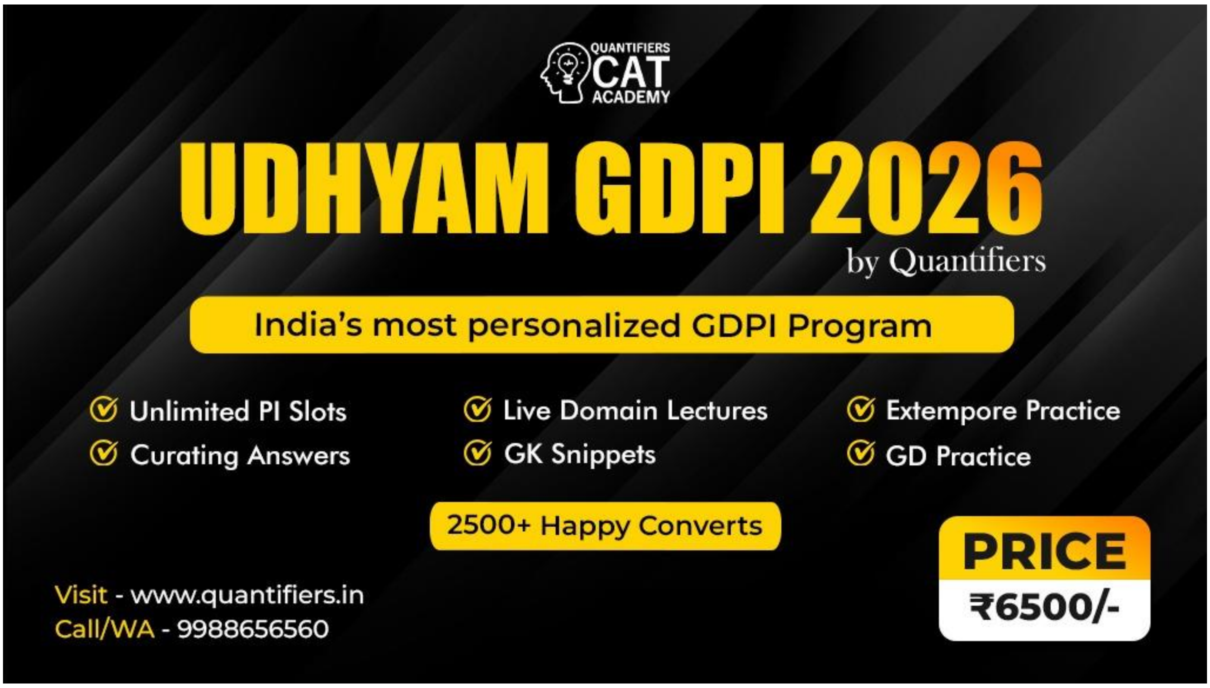

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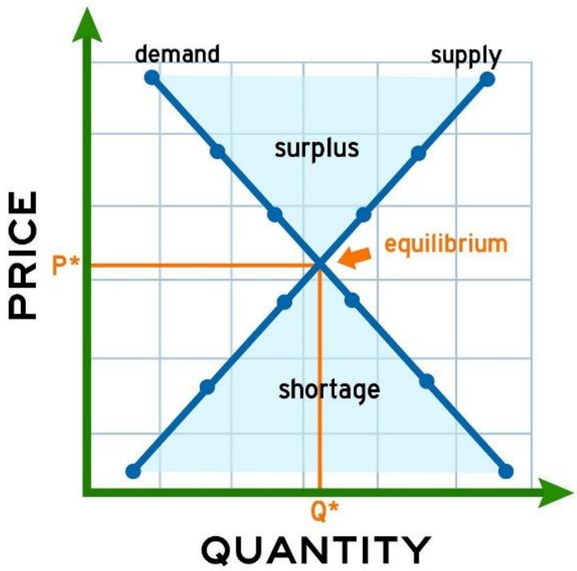
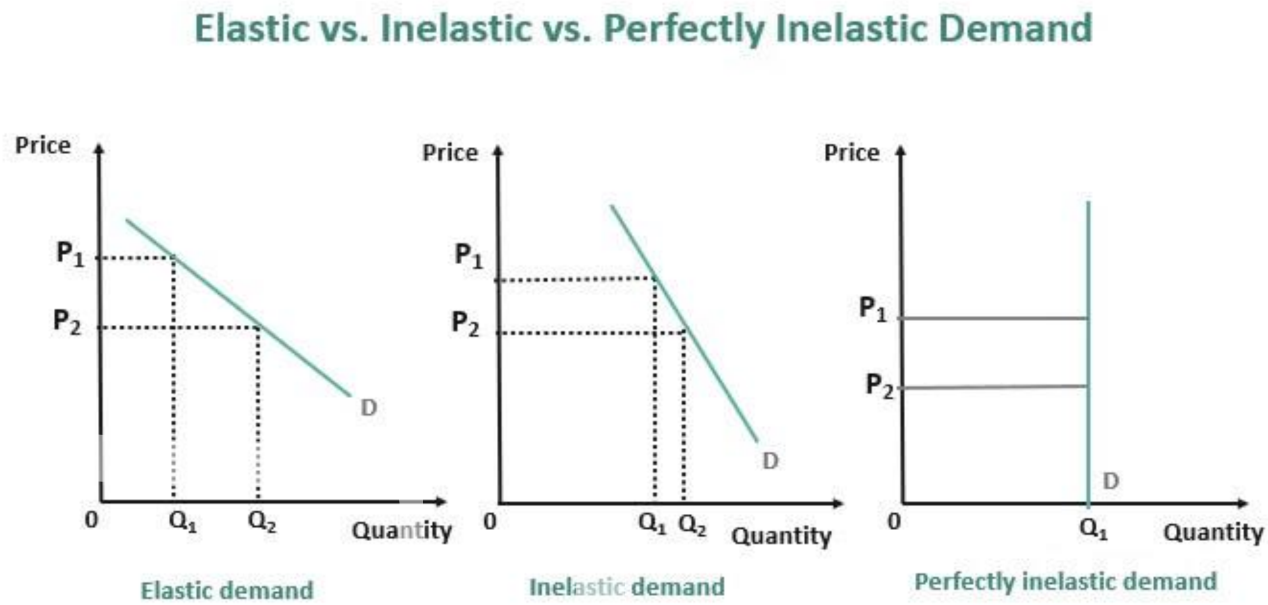
I. FOUNDATIONAL GRAPHS

1. Demand & Supply with Market Equilibrium
This graph shows the demand curve and supply curve together. The point where they intersect determines the market price and quantity at which quantity demanded equals quantity supplied.



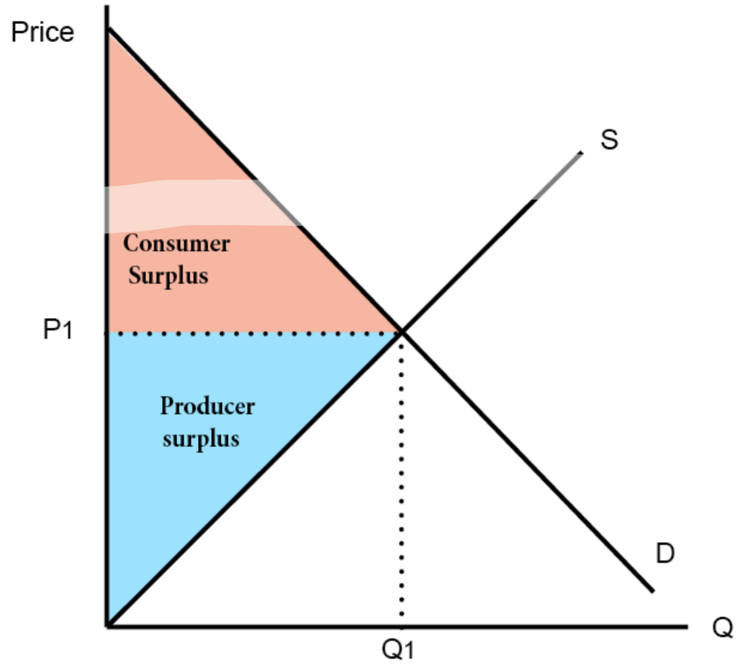
2. Shifts vs Movements on Demand Curve
A movement along the demand curve occurs when quantity demanded changes due to a change in price. A shift of the demand curve occurs when factors other than price (income, tastes, population, etc.) change.

3. Elastic vs Inelastic Demand
Elasticity of demand measures how sensitive quantity demanded is to a change in price. Demand is elastic if quantity changes a lot and inelastic if quantity changes little.



4. Consumer Surplus & Producer Surplus
Consumer surplus is the difference between what consumers are willing to pay and what they actually pay.

Producer surplus is the difference between the price received and the minimum price at which producers are willing to sell.



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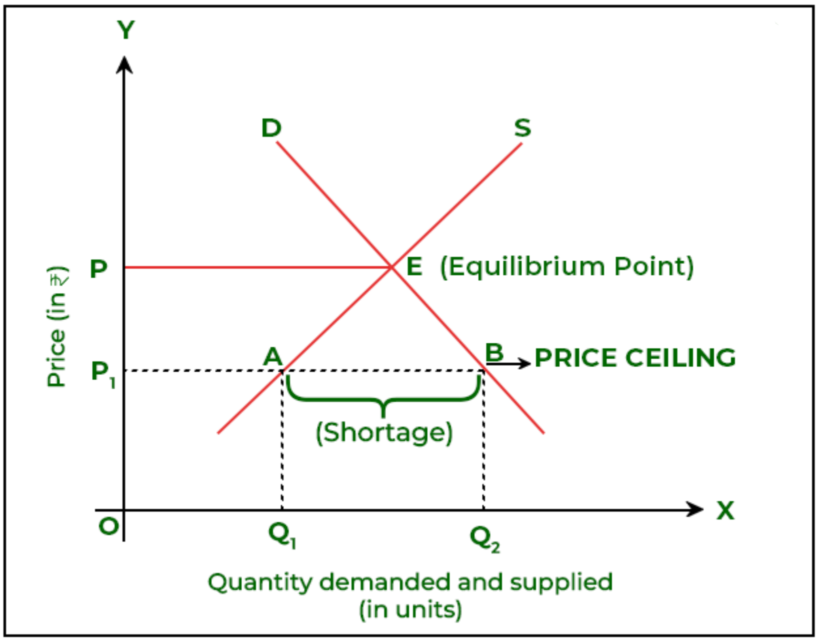
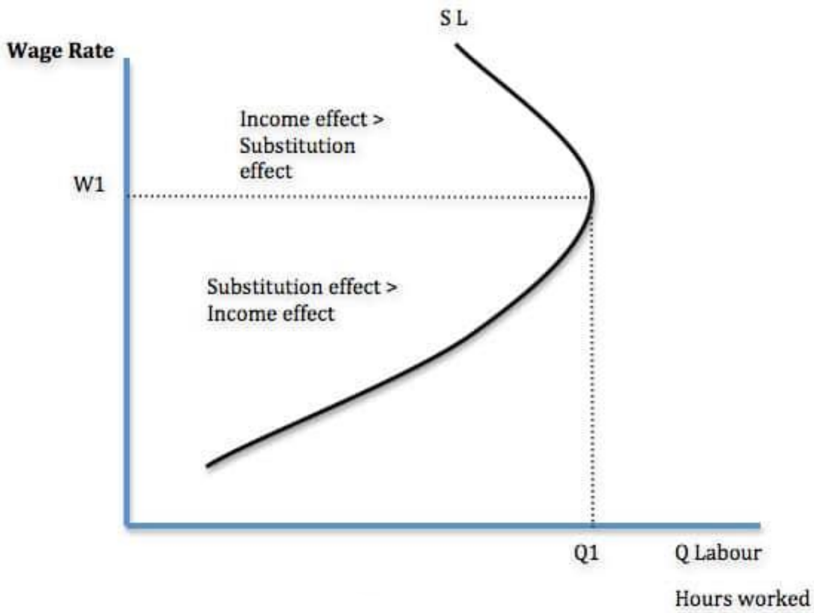
5. Price Ceiling / Price Floor
A price ceiling is a legal maximum price set by the government, while a price floor is a legal minimum price. These controls can cause shortages or surpluses in the market.



II. INTERMEDIATE MICRO

6. Income & Substitution Effect

When the price of a good changes, consumption changes due to two effects. The substitution effect occurs because relative prices change, and the income effect occurs because purchasing power changes.

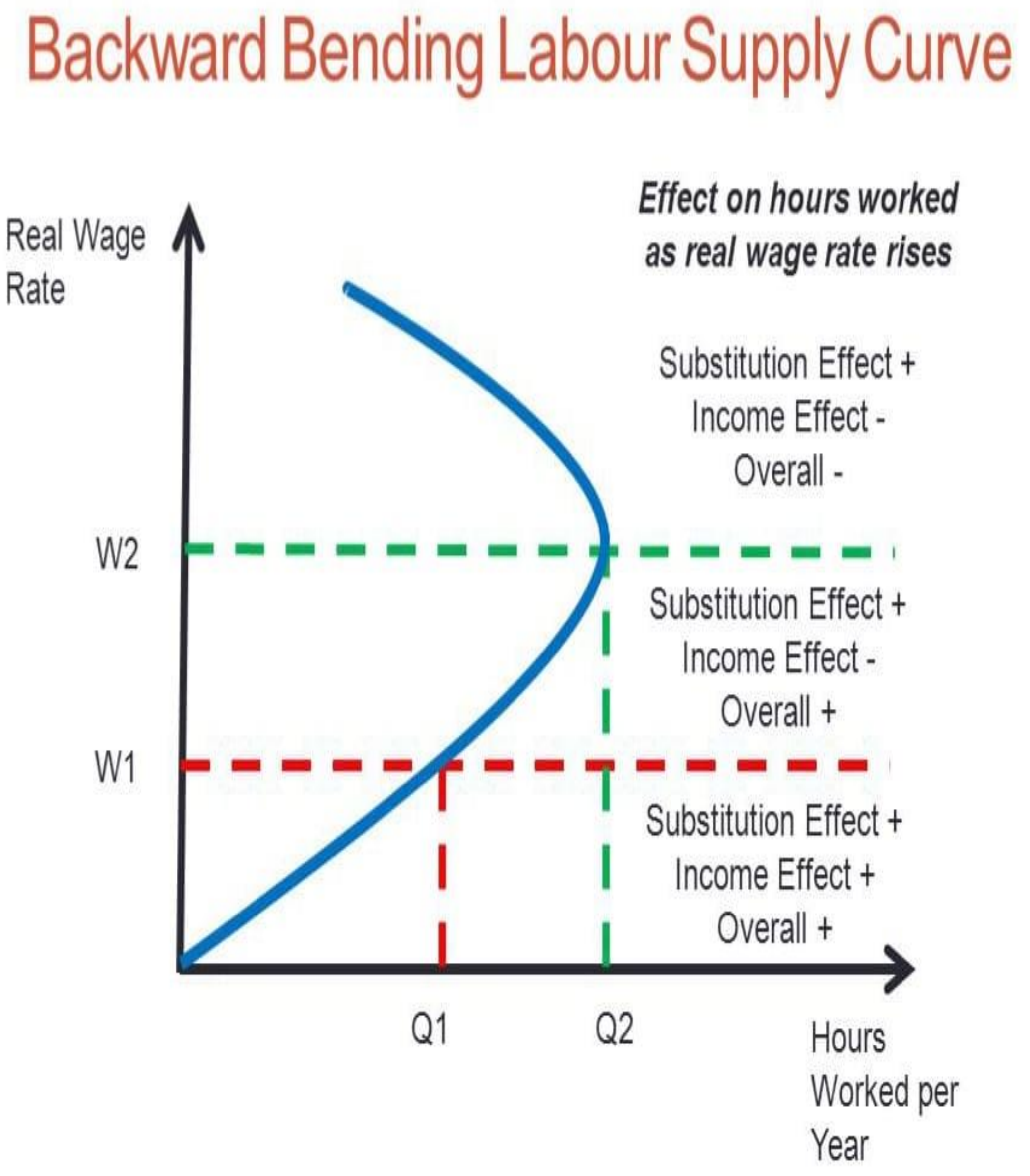


7. Inferior Good vs Giffen Good

An inferior good is a good whose demand falls as income rises. A Giffen good is a special inferior good for which demand rises when price increases due to a strong income effect.

8. Backward-Bending Labour Supply Curve

This curve shows that as wages rise, labor supply first increases but eventually decreases. At high wages, workers choose more leisure instead of working more hours.



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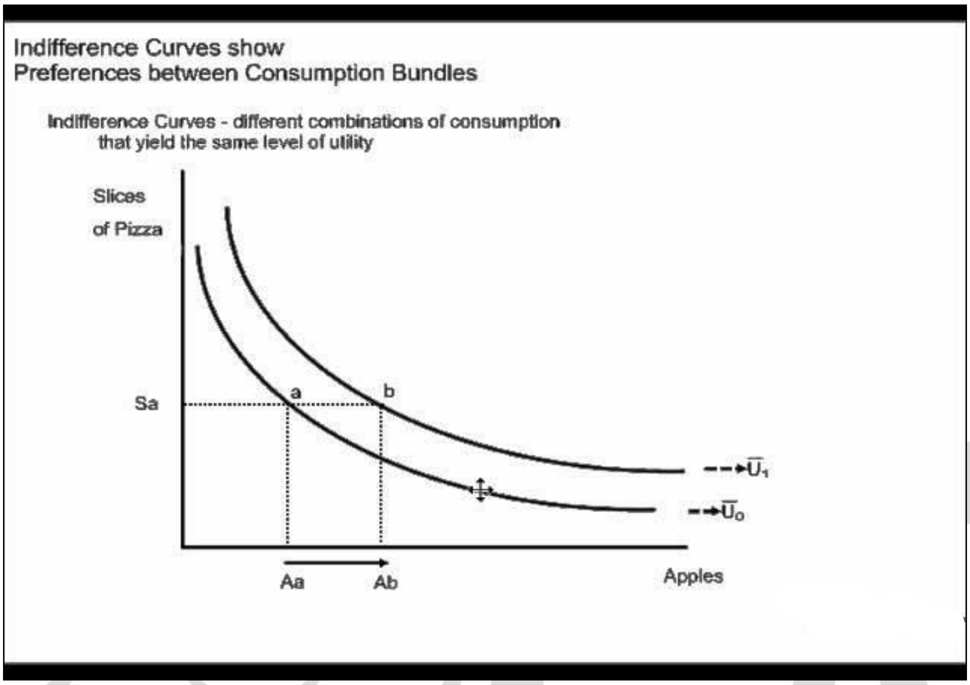
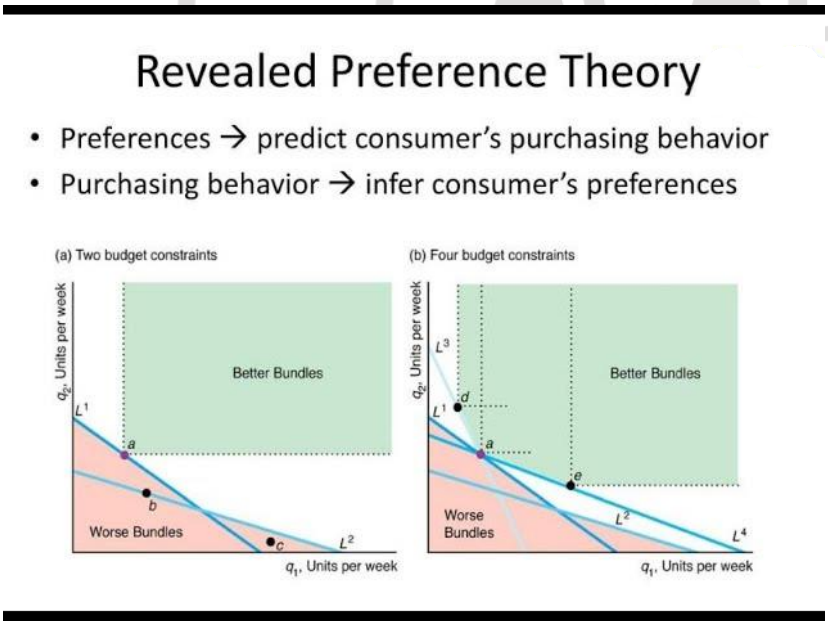
9. Indifference Curves & Budget Constraint
Indifference curves represent combinations of goods that give equal satisfaction. The budget constraint shows all combinations of goods that a consumer can afford given income and prices.

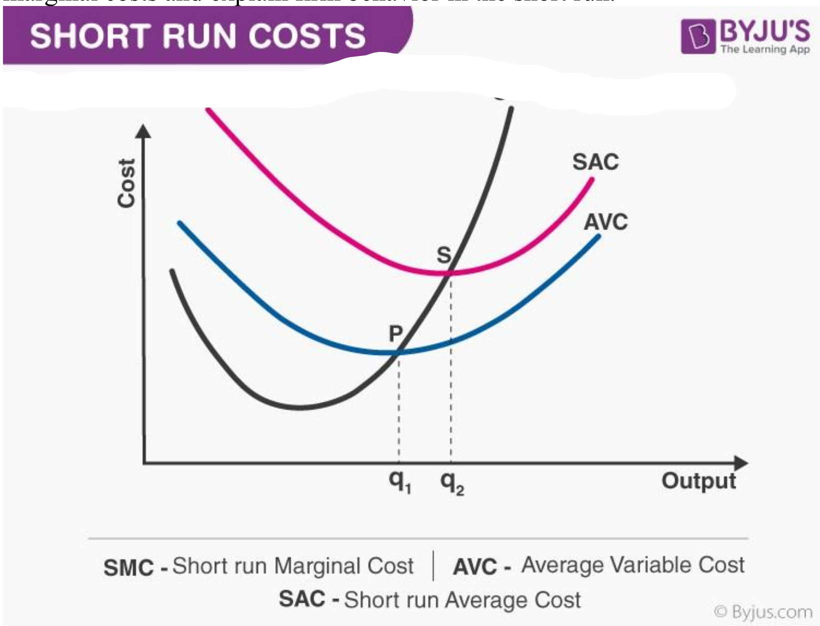


10. Revealed Preference
Revealed preference theory explains consumer preferences based on observed choices. If a consumer chooses one bundle over another when both are affordable, the chosen bundle is revealed to be preferred.



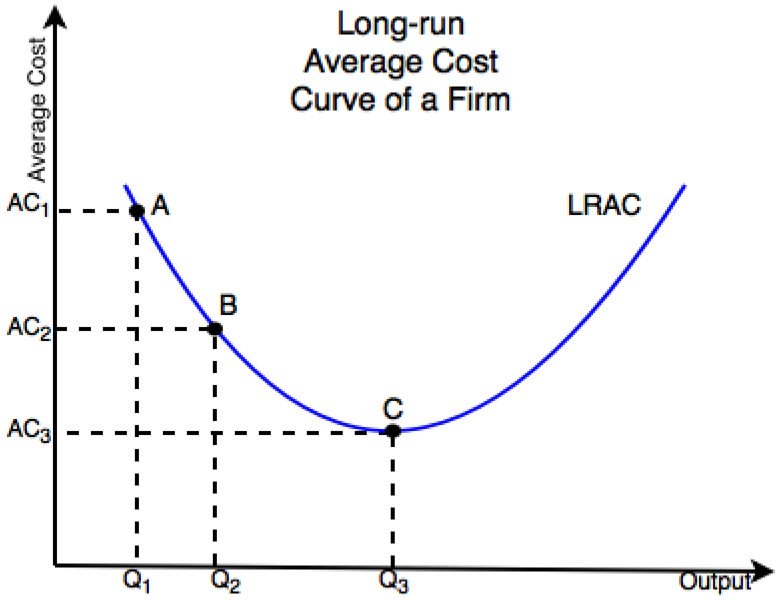
III. PRODUCTION & COST

11. Short-Run Cost Curves
These curves show production costs when at least one factor of production is fixed. They include average and marginal costs and explain firm behavior in the short run.



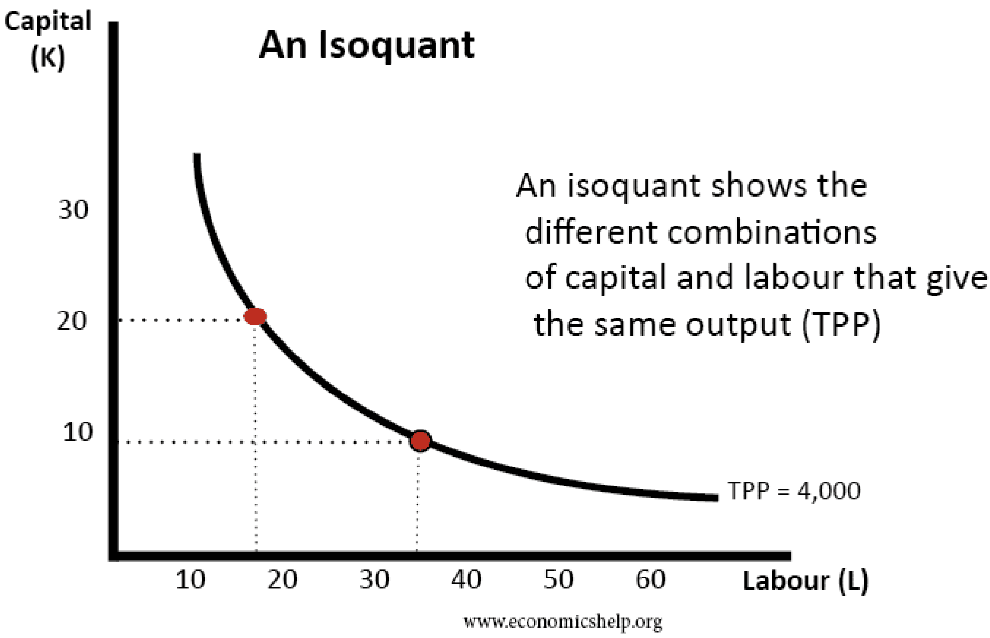
12. Long-Run Average Cost Curve
This curve shows the minimum possible average cost of producing each level of output when all inputs are

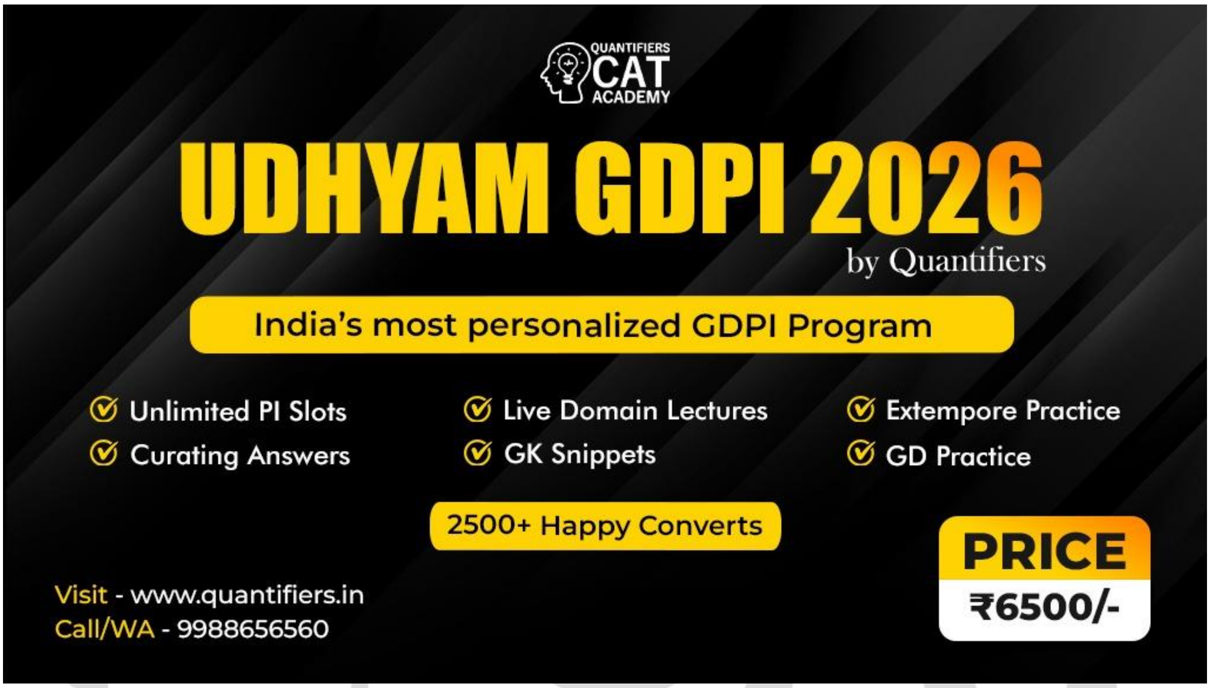
variable. It reflects economies and diseconomies of scale.



13. Isoquants & Isocosts

Isoquants show different combinations of inputs that produce the same level of output. Isocosts show combinations of inputs that cost the same amount.





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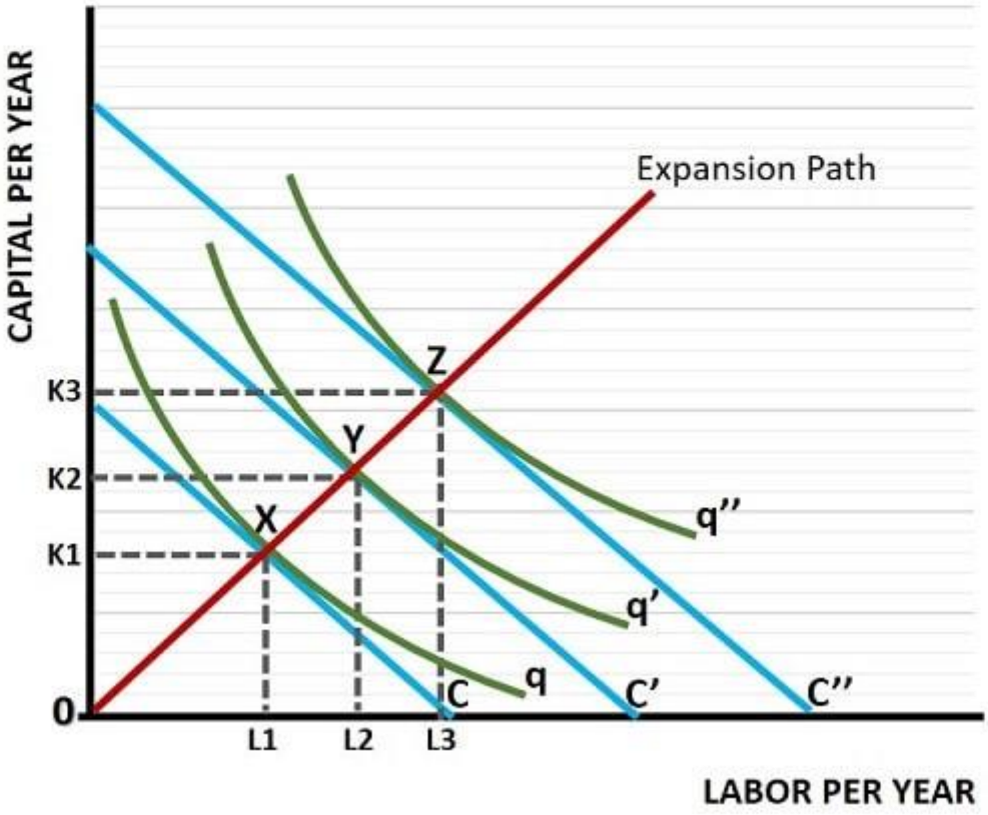
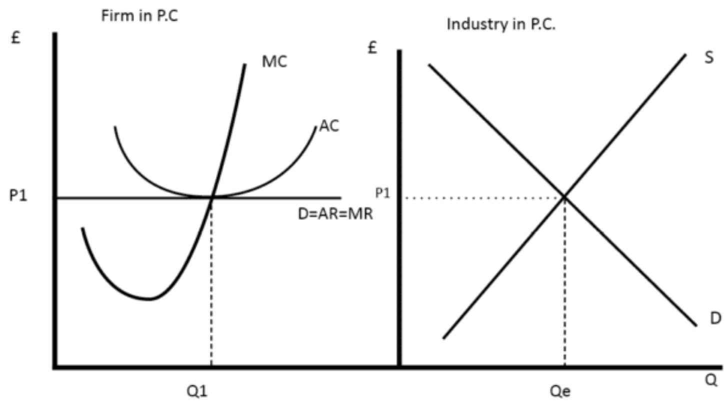
14. Expansion Path The expansion path connects cost-minimizing input combinations for different output levels. It shows how input usage changes as production expands.

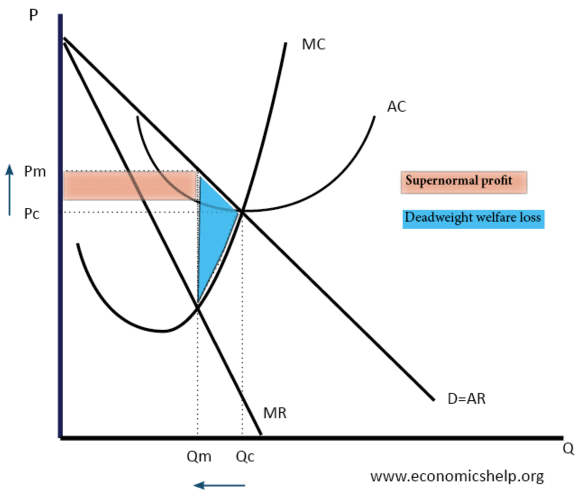


IV. MARKET STRUCTURE

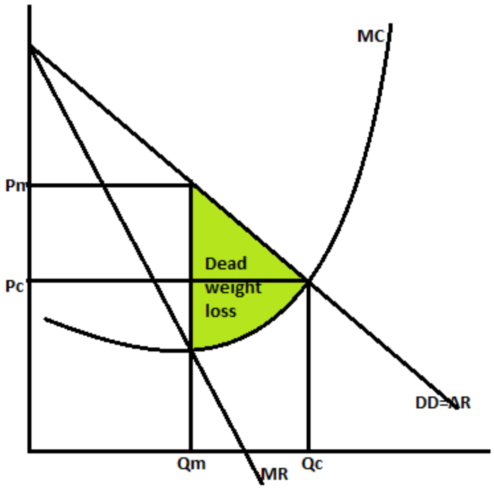
15. Perfect Competition
A market structure with many buyers and sellers, identical products, and free entry and exit. No individual firm can influence market price.



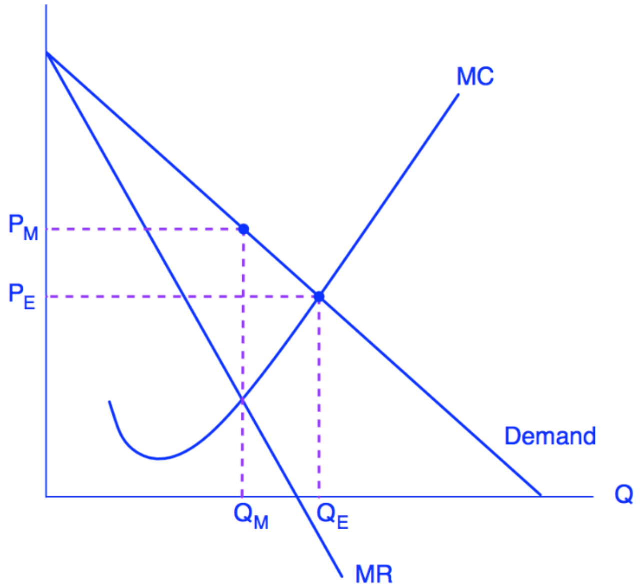
16. Monopoly
A market structure where a single firm is the sole producer of a product with no close substitutes. The monopolist has significant control over price.



17. Deadweight Loss of Monopoly
Deadweight loss refers to the reduction in total economic surplus due to monopoly pricing. It occurs because output is lower than the socially efficient level.

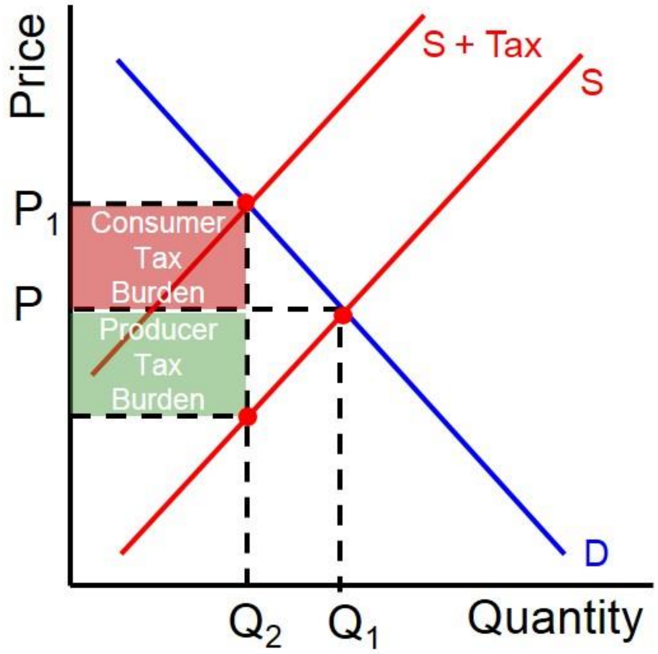


18. Price Discrimination
Price discrimination occurs when a firm charges different prices to different consumers for the same product. It requires market power and separation of markets.

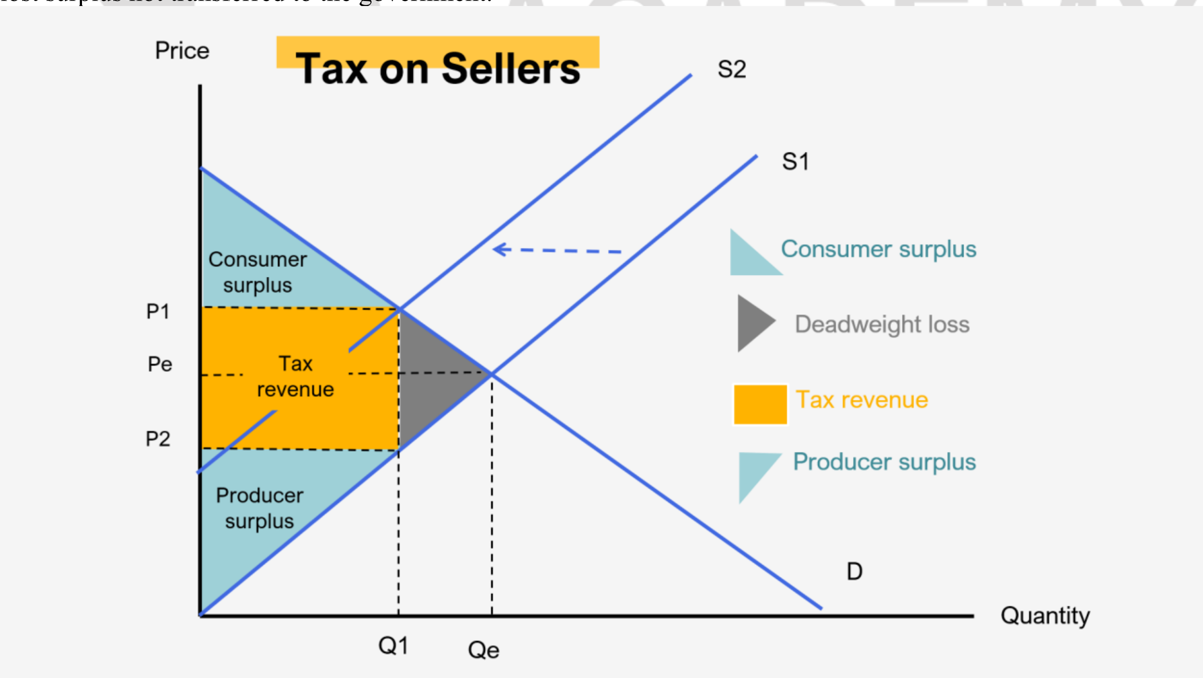

MC
P_M
P_E
Demand
Q
Q_M
Q_E
MR

V. WELFARE, TAXATION & POLICY

21. Tax Incidence
Tax incidence refers to how the burden of a tax is shared between buyers and sellers. It depends on the relative elasticities of demand and supply.



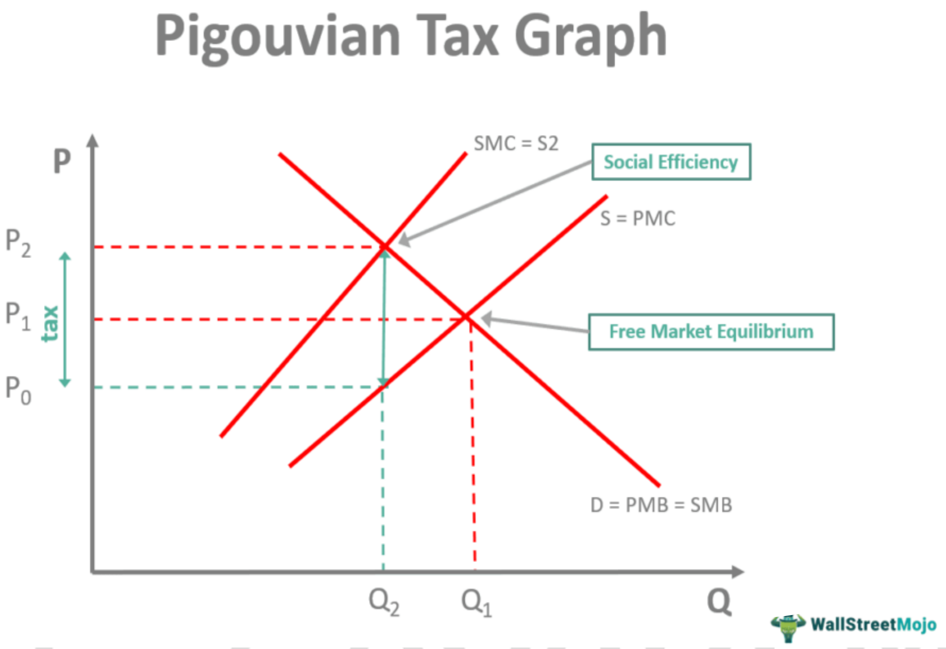
22. Deadweight Loss of Tax
Deadweight loss of tax is the loss of economic efficiency when a tax reduces the quantity traded. It represents lost surplus not transferred to the government.



23. Subsidy
A subsidy is a payment made by the government to producers or consumers to encourage production or consumption. It lowers the effective price of a good.

24. Externality
An externality occurs when the production or consumption of a good affects third parties not involved in the transaction. Externalities can be positive or negative.

25. Pigouvian Tax
A Pigouvian tax is imposed to correct negative externalities. It is set equal to the external cost to achieve socially efficient outcomes.

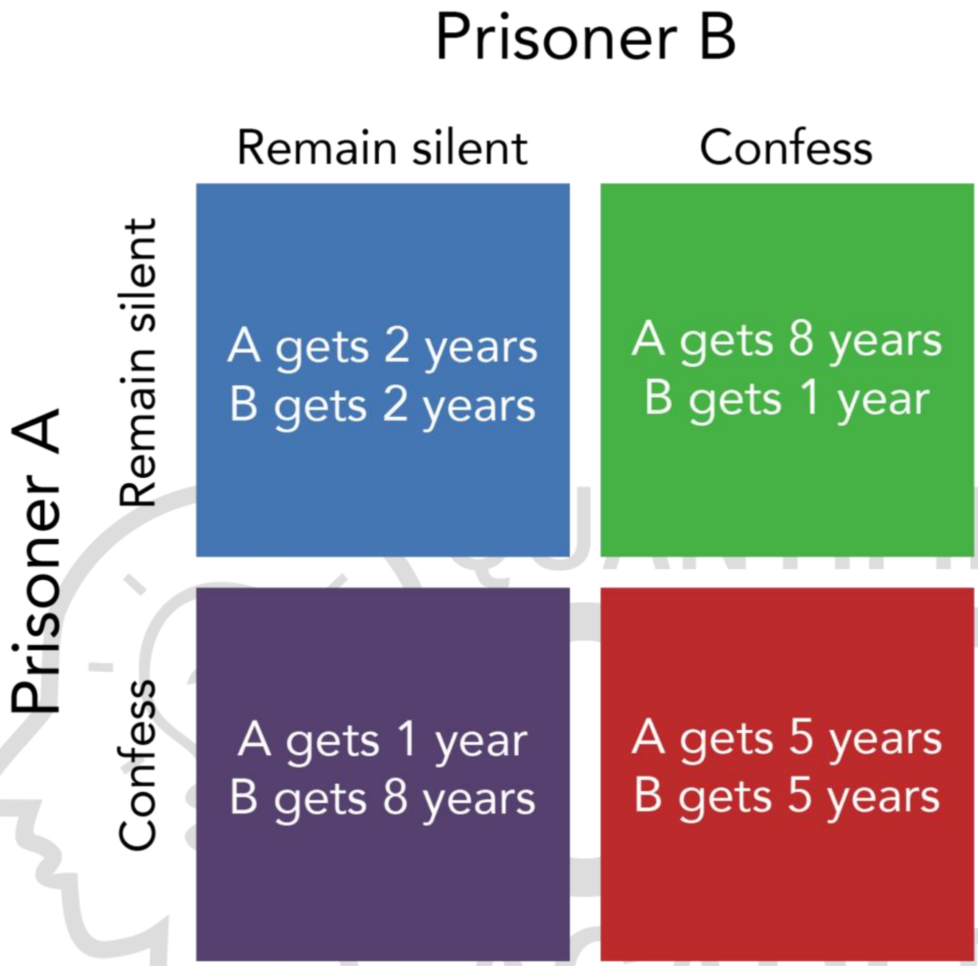


VI. INFORMATION & GAME THEORY

26. Adverse Selection
Adverse selection arises due to asymmetric information before a transaction. One party has more information than the other, leading to inefficient market outcomes.

27. Moral Hazard
Moral hazard occurs due to asymmetric information after a transaction. One party changes behavior because they do not bear full consequences of their actions.

28. Prisoner's Dilemma
A game that shows how rational individuals may choose strategies that lead to worse outcomes for everyone. Individual incentives conflict with collective interest.



29. Repeated Games
Repeated games are games played multiple times by the same players. Future interactions influence current strategies and can support cooperation.

ARU GOEL (XLRI)
CAT: 98.14
XAT: 99.04
SNAP: 99.61

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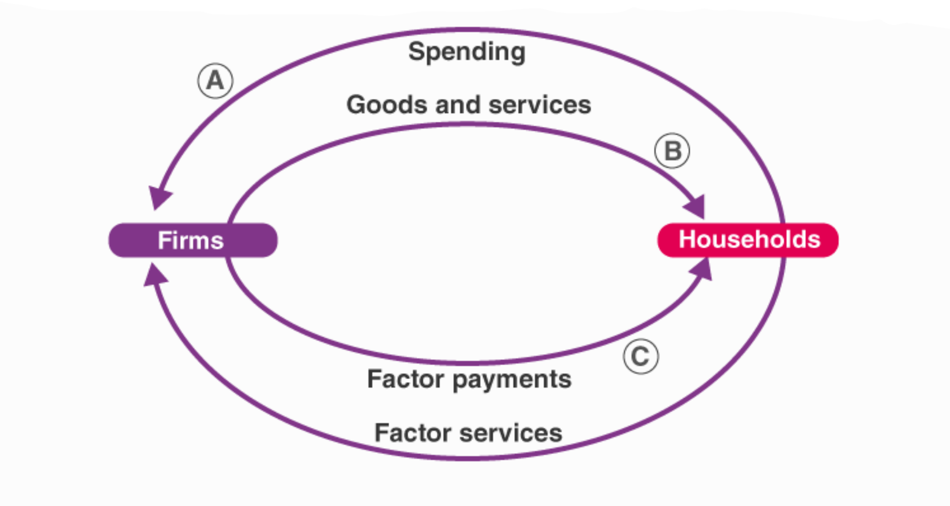
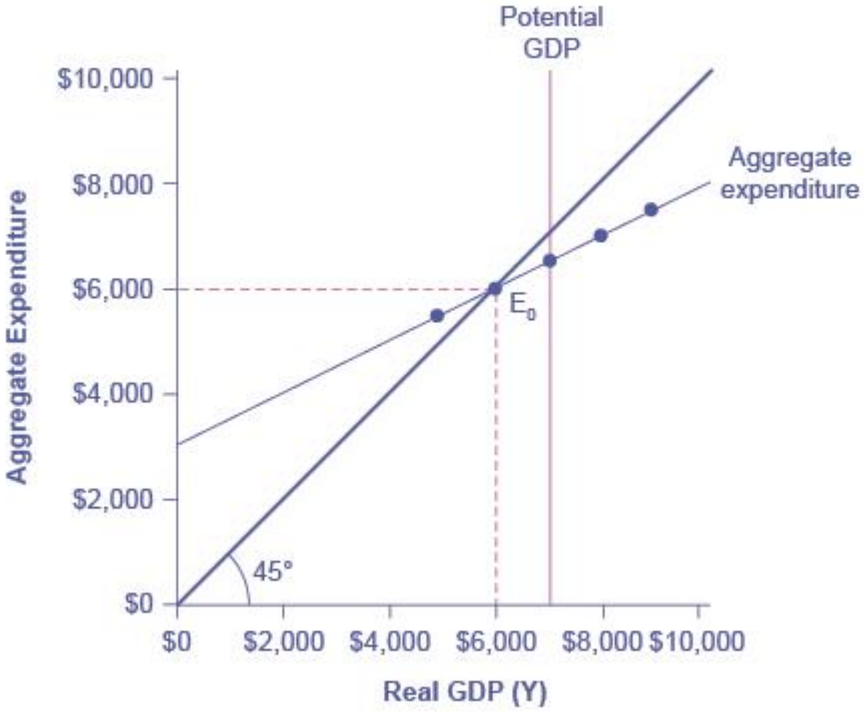
VII. MACROECONOMICS

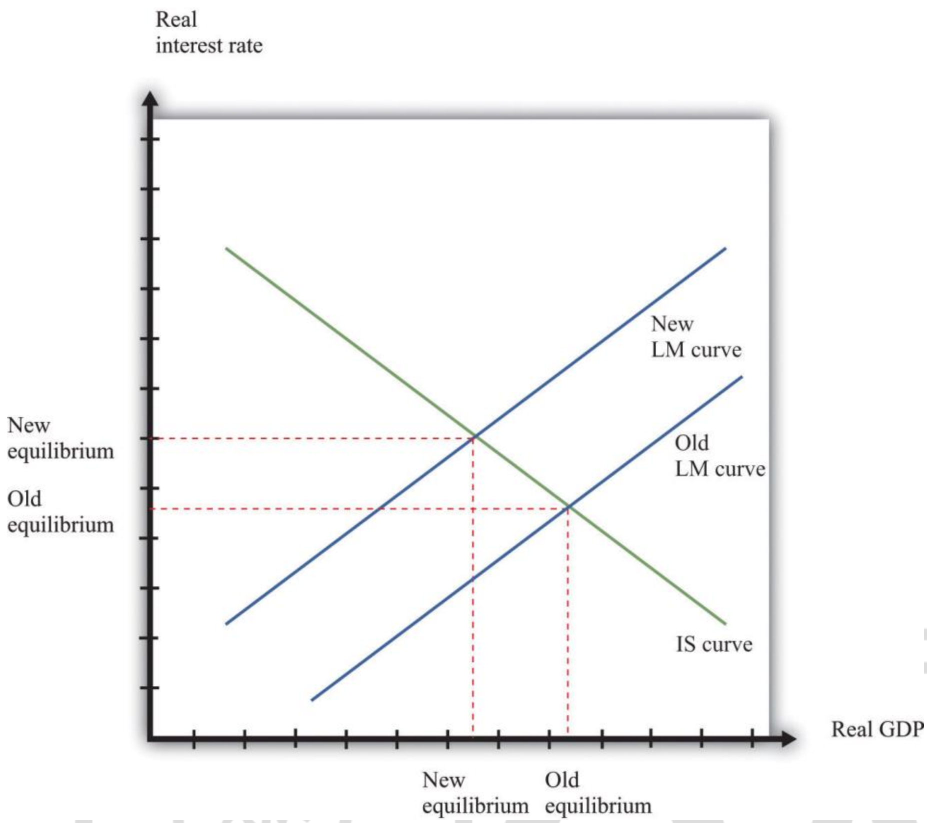
30. Circular Flow of Income
This model shows the flow of goods, services, and money between households and firms. It explains how income and expenditure are connected.



31. Keynesian Cross
A simple model that determines equilibrium output where planned spending equals total income. It explains how changes in spending affect output.


Potential GDP
Aggregate expenditure
Aggregate Expenditure
$10,000
$8,000
$6,000
$4,000
$2,000
$0
E0
45°
$0
$2,000
$4,000
$6,000
$8,000
$10,000
Real GDP (Y)

32. IS–LM Model
The IS–LM model combines the goods market and money market. It shows how interest rates and output are determined together.



33. Liquidity Trap
A situation in which interest rates are very low and monetary policy becomes ineffective. People prefer holding money instead of bonds.

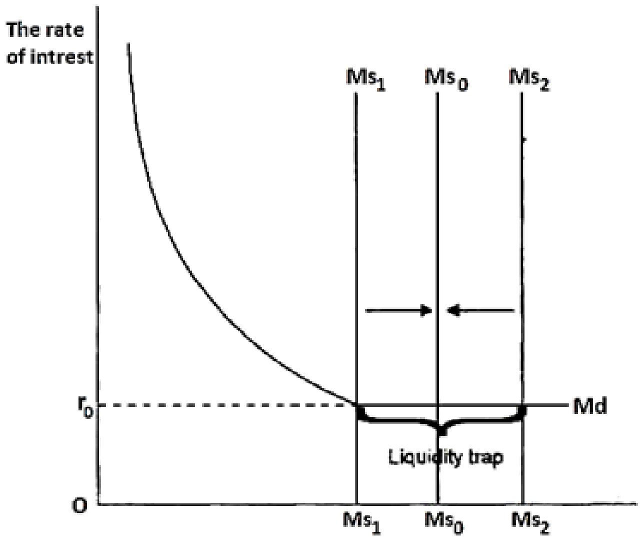
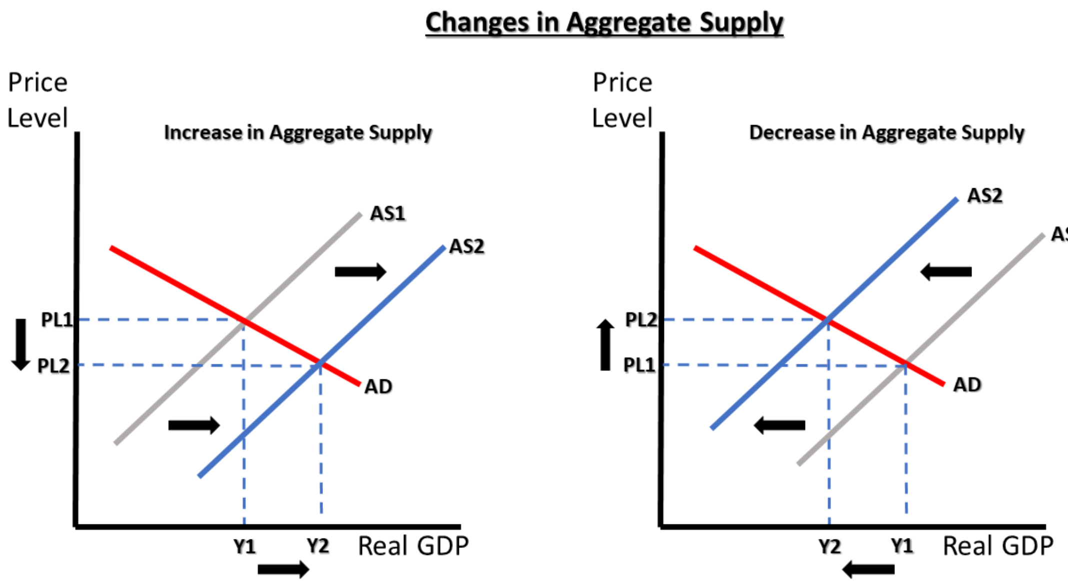
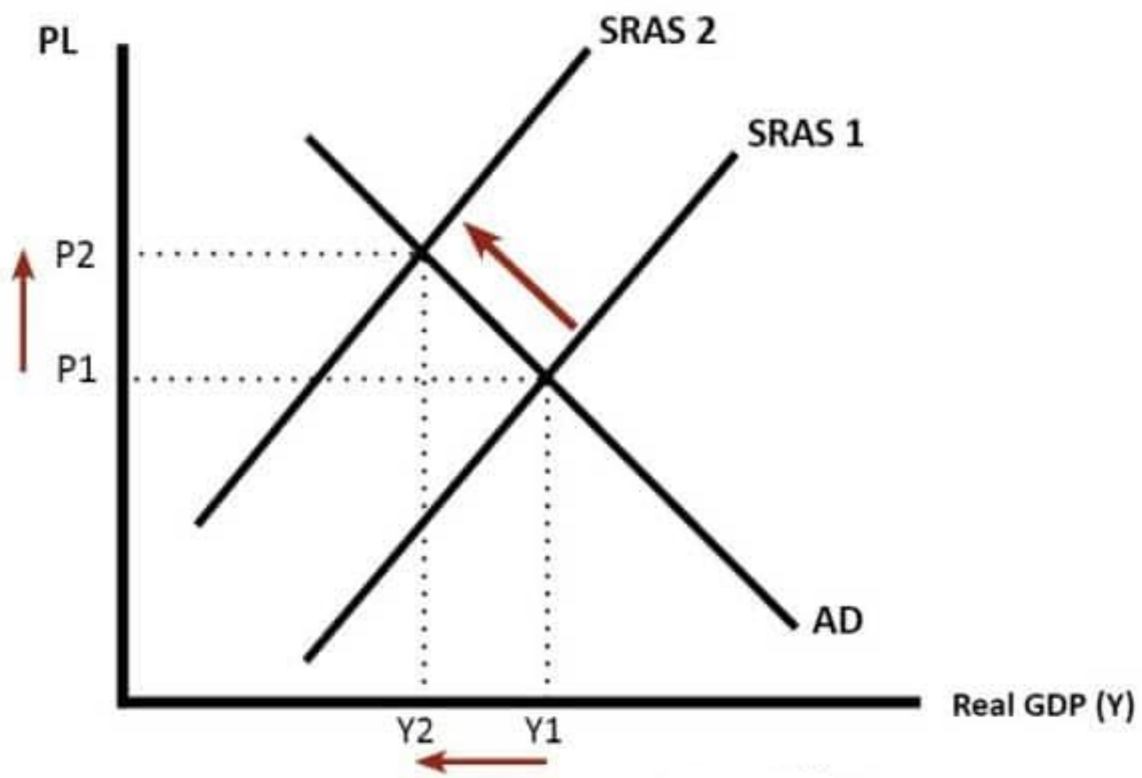


Fig. 7 : Liquidity Trap

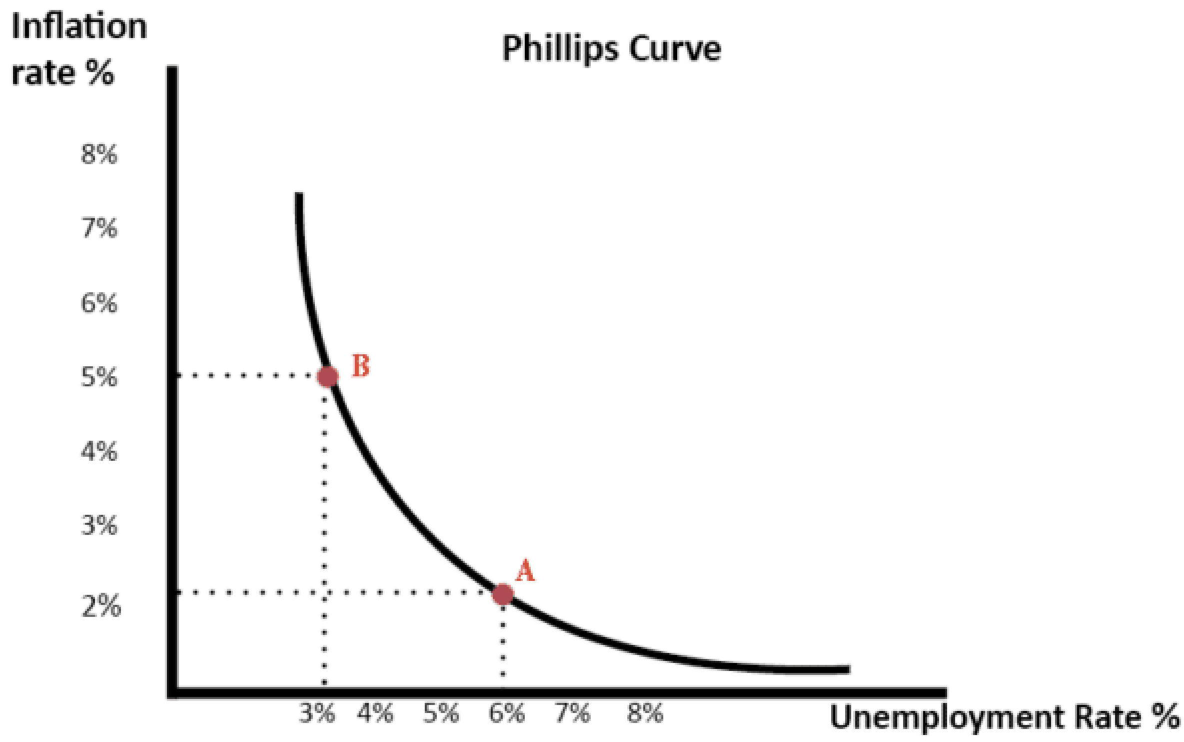
34. Aggregate Demand & Aggregate Supply
Aggregate demand shows total spending in the economy, while aggregate supply shows total output. Their interaction determines price level and output.



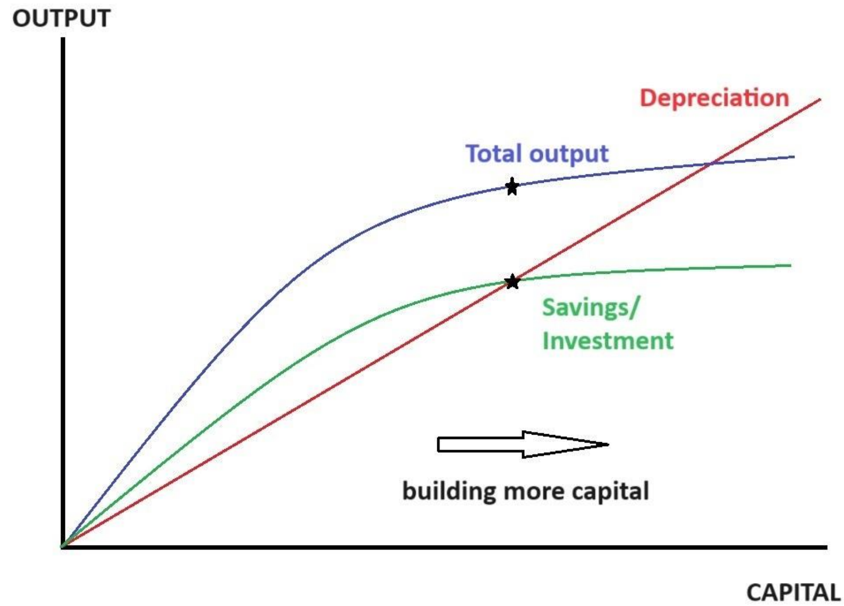
35. Cost-Push Inflation
Cost-push inflation occurs when rising production costs reduce aggregate supply. This leads to higher prices and lower output.



36. Phillips Curve
The Phillips curve shows the relationship between inflation and unemployment. It illustrates a short-run trade-off between the two.



37. Solow Growth Model
A model explaining long-run economic growth through capital accumulation, labor growth, and technological progress.



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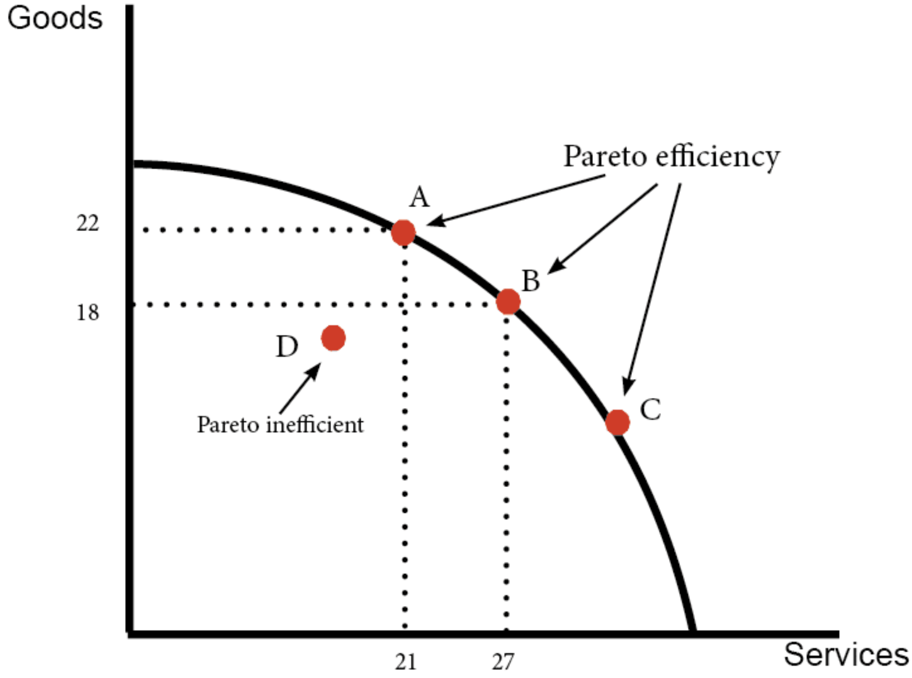
VIII. INTERNATIONAL ECONOMICS

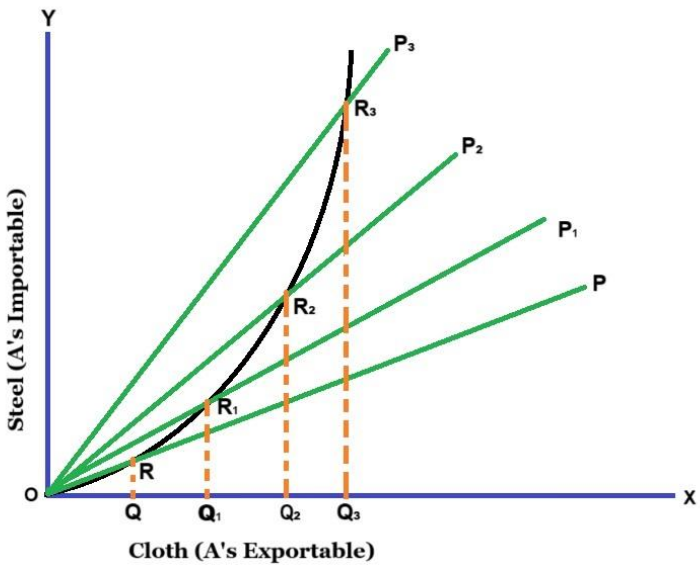
38. Production Possibility Frontier (PPF)

The PPF shows the maximum combinations of two goods that an economy can produce with given resources and technology.



39. Offer Curve

An offer curve shows how much of one good a country is willing to export in exchange for imports at different prices.



40. Tariff and Quota
A tariff is a tax on imports, while a quota is a limit on import quantity. Both restrict international trade.

41. Balance of Payments
The balance of payments is a systematic record of all economic transactions between a country and the rest of the world.