

**Economics Special I
Microeconomics**

Semester III

Subject Code: A31609

Lectures: 60

Objectives:

To equip the students of paper Microeconomics with -

- The theoretical base in micro economic theory.
- the necessary analytical tools to analyze the behavior of micro agents
- the understanding of the process of decision making at micro level

Unit 1: Tools of Economic Analysis:

06

- Basic Economic Problems- Choice and Scarcity
- Tools of Economic Analysis – Functional relationships, Schedules, Graphs & Equations
- Economic Variables – Dependent and Independent variables - Exogenous & Endogenous variables

Unit 2: Demand Analysis:

10

- Elasticity of Demand - Meaning, Measurement and Types
- Significance of the concept of Elasticity of Demand
- Determinants of Elasticity of Demand



Unit 3: Theory of Consumer Behaviour:

10

- Approaches to Utility
 - Marshall's Cardinal Approach
 - Hick's Ordinal Utility Approach
- Indifference curves Analysis – Definition, Assumptions and Properties
- Marginal Rate of Substitution
- Budget Line
- Consumer's equilibrium, Necessary and Sufficient Condition.
- Income Consumption Curve and Income Effect
- Price Consumption Curve and Price Effect
- Concept of Substitution Effect

4.Theory of Production and Supply Analysis:

10

- Meaning of Production Function- short period and long period
- Law of Variable Proportion
- Law of Returns to Scale
- Economies of Scale
- Supply Analysis-Meaning and Determinants
- Law of Supply
- Elasticity of Supply- Concept and Determinants.
- Types of Elasticity of Supply



5. Cost and Revenue Concepts:

12

- Accounting Costs and Economic Costs
- Opportunity Cost
- Fixed Costs and Variable Costs
- Total Cost, Average Cost & Marginal Cost
- Short run and Long run Cost curves of a Firm
- Numerical problems
- Revenue Concepts-TR, AR and MR
- Revenue Curves under Perfect and Imperfect Competitions

Pre-course Reading:

- Meaning, Nature and scope of Microeconomics; Importance & Limitations of Micro Economics;
- Concept of Demand, Factors affecting Demand; Law of Demand, Changes in Demand and Variations in Demand,
- Concept of Utility; Law of Diminishing Marginal Utility

***Assignments and library hours – 12 hours**

Recommended Text Books:

- Ahuja H.L (2004) “**Modern Micro Economic Theory & Applications**” S. Chand & Co. New Delhi, 12th edition
- Harrison Barry, Charles Smith & Brinley Davies (1992) “**Introductory Economics**” Macmillan Press Ltd
- Jhingan M.L. (1999) “**Micro Economics Theory**” Vrinda Publishing Co. Ltd.
- Koutsoyiannis “**Modern Micro Economics** Macmillan.”
- Mankar V. G. (1999) “**Business Economics**” Macmillan India
- Roy Chowdhury K.C. (1991) “**Microeconomics**” Tata McGraw Hill
- Varian H (2000) “**Microeconomic Analysis**” WW Norton, New York



Reference Books:

- Chaturvedi DD, Gupta SI & Pal Sumitra (2000) "**Business Economics-Text & Cases**" Galgotia Publishing Co
- Lipsey Richard G & Chrystal Alec K & (1997) "**Economics for Business and Management**" Oxford University Press
- Lipsey Richard G & Chrystal Alec K (1997) "**Introduction to Positive Economics**" ELBS, Oxford University Press 8th edition
- Dwivedi DN (2001) "**Managerial Economics**" Vikas Publishing House, 6th edition
- Haynes Warren W, Mote Vasant L & Samuel Paul (1970) "**Managerial Economics**" The Dryden Press
- Perloff Jeffery M. (2001) "**Microeconomics**" Pearson Education Asia, 2nd edition
- Salvatore Dominick (1996) "**Theory & Problems of Microeconomic Theory**" Schaum's Outline Series *Tata Mc-Graw Hill*
- Samuelson P.A. Nordhaus William D (1992) "**Economics**" Tata McGraw Hill Publishing Co.
- Stonier A.W. and Hague D.C. 'A Text Book of Economic Theory' Longman 5th Edition.
- **Workbooks:**
- Still well J.A, Lipsey R.G & Clarke Rosemary "Workbook to accompany –An Introduction to Positive Economics" 6th edition *Pub-?*
- Robinson Study Guide to accompany "Economics" by Samuelson P.A 10th edition *Mcgrawhill*



**Economics Special I
Microeconomics**

Semester IV

Subject Code: A41609

Lectures: 60

Objectives:

To equip the students of paper Microeconomics with -

- the theoretical base in micro economic theory.
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Unit 1: Market Structures I – Perfect Competition

08

- Markets forms- Perfect and imperfect markets,
- Conditions of equilibrium of a firm ($MC = MR$ approach)
- Pure competition & Perfect Competition-Features;
- Short run and Long run Equilibrium of the Firm & Industry under Perfect Competition

Unit 2: Market Structures II - Monopoly

10

- Meaning, Features and Types of Monopoly
- Causes of Monopoly
- Price & Output Determination under Monopoly in the short run and long run
- Price Discrimination- Concept ;Conditions necessary for Price Discrimination
- Forms and Degrees of Price Discrimination



Unit 3 : Market Structures III - Monopolistic Competition

10

- Meaning and Features of Monopolistic Competition
- Price & Output Determination of a Firm under Monopolistic Competition in the short run and long run
- Concepts of Product Differentiation, Selling Cost and Group Equilibrium

Unit 4 :Market Structures IV - Oligopoly

08

- Meaning, Features and Types of Oligopoly
- Meaning and Features of Duopoly
- Non-Collusive Oligopoly and Kinky Demand Curve model
- Collusive Oligopoly- Concepts of Cartels and Price Leadership

Unit 5 :Factor Pricing

12

- Wages-Real wages and Money wages;
- Backward bending Labour Supply curve; Demand for Labour
- Rent- Scarcity rent, Differential rent, Quasi Rent
- Interest-Meaning, Gross Interest and Net Interest
- Keynesian Theory of Rate of Interest
- Profit- Meaning, Gross Profit and Net Profit
- Innovations Theory of Profit; Risk and Uncertainty Bearing Theory of Profit

***Assignments and library hours – 12 hours**



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