

Course No. **ECONA101**
Course title: **Principles of Microeconomics–I**
Nature of Course: **DSC – I**
Number of credits: **6**
Number of Lectures (L): Practical (P): Tutorial (T): **44:0:16**

Course Description

This course is designed to expose the student to the basic principles in Microeconomic Theory and illustrate the same with applications.

Course Outline

| Unit | Title | Credits | |
|---|---|---------|---|
| | | L | T |
| I. | Introduction Problem of scarcity and choice: scarcity, choice and opportunity cost; production possibility frontier; economic systems. Demand and supply: law of demand, determinants of demand, law of supply, determinants of supply, market equilibrium. Applications of demand and supply: consumer surplus, producer surplus. Elasticity: price elasticity of demand, calculating elasticity, determinants of price elasticity, income and cross elasticities. | 13 | 4 |
| II. | Consumer Theory Budget constraint, concept of utility, diminishing marginal utility, Diamond-water paradox, indifference curves, derivation of demand curve from indifference curve and consumer's equilibrium; price, income and substitution effects. | 10 | 4 |
| III. | Production and Costs Production: behavior of profit maximizing firms, production functions, law of variable proportions, law of returns to scale; choice of technology, isoquant and isocost lines, cost minimizing equilibrium condition. Costs: costs in the short run, costs in the long run, revenue and profit maximizations, minimizing losses, short run industry supply curve, economies and diseconomies of scale. | 11 | 4 |
| IV. | Market Structure and Perfect Competition Market: Meaning. Market structure: Types and Definition. Role of time element: Market Period, Short Period and Long Period. Market Price and Normal Price. Perfect Competition: assumptions: theory of a firm under perfect competition, demand and revenue; equilibrium of the firm in the short run and long run; long run industry supply curve: increasing, decreasing and constant cost industries. | 10 | 4 |
| Suggested Readings: 1. Case, Karl E. & Ray C. Fair, <i>Principles of Economics</i> , Pearson Education, Inc., 8 th edition, 2007. 2. A. Kotsoyiannis, (1979), <i>Modern Micro Economics</i> , Palgrave McMillan. 3. G.S. Maddala and Ellen Miller (2004), <i>Micro Economics - Theory and Applications</i> , Tata McGraw Hill, Delhi. 4. Dominick Salvatore 'Microeconomic Theory' Schaum's Outline series: Tata McGraw Hill, Delhi. 5. Hal R. Varian, <i>Intermediate Microeconomics: A modern Approach</i> , WW Norton and Co. | | | |

Course No. ECONA102
Course title: Principles of Microeconomics–II
Nature of Course: DSC – II
Number of credits: 6
Number of Lectures (L): Practical (P): Tutorial (T): 44:0:16

Course Description

This is a sequel to Principles of Microeconomics–I covered in the part – I. The objective of the course is to further the understanding of the student so as to achieve conceptual clarity.

Course Outline

| Unit | Title | Credits | |
|------|---|---------|---|
| | | L | T |
| I. | Theory of a Monopoly Firm Concept of imperfect competition; Monopoly: features, short run and long run price and output decisions of a monopoly firm; concept of a supply curve under monopoly; comparison of perfect competition and monopoly, price discrimination; Dumping; remedies for monopoly: Antitrust laws, natural monopoly. | 10 | 4 |
| II. | Monopolistic Competition and Oligopoly Monopolistic competition: Assumptions, short run & long run price and output determination under monopolistic competition, economic efficiency and resource allocation. Oligopoly: Assumptions, oligopoly model: kinked demand curve and price rigidity, cartels and role of government. | 11 | 4 |
| III. | Market Failure and Factor Pricing Market Failure: Market adjustment to changes in demand, efficiency of perfect competition; sources of market failure: imperfect markets, public goods, externalities, imperfect information; evaluating the market mechanism. Factor Pricing: Meaning and Types of Distribution. Marginal productivity theory of distribution. Wages: Meaning and Types of Wages. Real and Nominal Wage. Theories of Wages (Classical and Modern). | 11 | 4 |
| IV. | Factor Pricing Rent: Concept of Rent. Ricardian Theory of Rent, Quasi Rent, Modern Theory of Rent. Interest: Classical Theory, Loanable Fund Theory and Keynes's Liquidity Preference Theory. Profit: Gross Profit and Net Profit. Theories of Profit: Dynamic Theory of Profit, Innovation Theory of Profit and Uncertainty Bearing Theory of Profit. | 12 | 4 |

Suggested Readings:

1. Case, Karl E. & Ray C. Fair, Principles of Economics, Pearson Education, Inc., 8th edition, 2007.
2. A. Koutsoyiannis, (1979), Modern Micro Economics, Palgrave McMillan.
3. G.S. Maddala and Ellen Miller (2004), Micro Economics - Theory and Applications, Tata McGraw Hill, Delhi.
4. Dominick Salvatore 'Microeconomic Theory' Schaum's Outline series: Tata Magrahill.
5. Hal R. Varian, Intermediate Microeconomics: A modern Approach, WW Norton and Co.