

**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:

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- 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, 12<sup>th</sup> 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
- RoyChowdhury K.C. (1991) "Microeconomics" Tata McGraw Hill
- Verian 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 8<sup>th</sup> edition
- Dwivedi DN (2001) "Managerial Economics" Vikas Publishing House, 6<sup>th</sup> edition
- Haynes Warren W, Mote Vasant L & Samuel Paul (1970) "Managerial Economics" The Dryden Press
- Perloff Jeffery M. (2001) "Microeconomics" Pearson Education Asia, 2<sup>nd</sup> edition
- Salvatore Dominick (1996) "Theory & Problems of Microeconomic Theory" Schaum's Outline Series *Tata Mc-GrawHill*
- 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 5<sup>th</sup> Edition.
- **Workbooks:**
- Still well J.A, Lipsey R.G & Clarke Rosemary "Workbook to accompany -An Introduction to Positive Economics" 6<sup>th</sup> edition *Pub-?*
- Robinson Study Guide to accompany "Economics" by Samuelson P.A 10<sup>th</sup> edition *Mcgrawhill*



**Economics Special I**  
**Microeconomics**

**Semester IV**

**Subject Code: A41609**

**Lectures: 60**

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- 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: 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



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**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

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