

**BA 1st Year, Sem. I ,
Course I
(Theory)**

Programme/Class: Degree/ BA	Year: First	Semester: First
Subject: Economics		
Course Code: A080101T	Course Title: Principle of Micro Economics	
<p>Course Outcome:</p> <ul style="list-style-type: none"> ● The students are familiarized with basic concepts of microeconomics such as laws of demand and supply and elasticity etc so that he/she can comprehend them & familiarize with day today happenings. ● The students learn and understand the concepts of consumer behaviour like cardinal utility and ordinal utility analysis. ● The students learn and understand application of Indifference curve analysis in deriving demand curves, price effect, income effect and substitution effect. ● The students learn and understand the Theory of production- iso-quants, laws of returns to scale, law of variable proportion. ● The students learn, understand and compare between the Traditional and modern theory of cost. ● Demonstrate an understanding, usage and application of basic economic principles. ● Describe and apply the methods for analyzing consumer behavior through demand and supply, elasticity and marginal utility. ● To analyze the behavioral patterns of different economic agents regarding profit, price, cost etc. ● The decision-making process in different market situations such as perfect competition, monopolistic competition, monopoly and oligopoly markets. ● To deal with the advance theoretical issues and their practical applications of distribution theories. ● General equilibrium, economic efficiency and market failure. 		

Credits: 6		Core Compulsory
Max. Marks: 25+75		Min. Passing Marks: 40
Total No. of Lectures-Tutorials-Practical (in hours per week): L- 4/w		
Unit	Topics	No. of Lectures
Part I		
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, shifts of demand versus movements along a demand curve, market demand, law of supply, determinants of supply, shifts of supply versus movements along a supply curve, market supply, market equilibrium. Applications of demand and supply, consumer surplus. Elasticity: Price, Income and Cross elasticity of demand, calculating elasticity of demand, determinants of elasticity of Demand	12
II	Consumer Theory: concept of utility, diminishing marginal utility, Indifference curve, budget constraint, Consumers Equilibrium, Income effect, substitution effect and Price Effect: Hicks and Slutsky's approach, derivation of demand curve from indifference curve and Theory of Revealed Preference	12
III	Production and Costs: a. Production: behaviour of profit maximizing firms, production process, production functions, law of variable proportions, choice of technology, isoquant and isocost lines, cost minimizing equilibrium condition. b. 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, long run adjustments.	11
IV	Market Structures a. Perfect Competition: a. 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. Welfare: allocative efficiency under perfect competition. b. Imperfect Competition Concept of imperfect competition, Monopolistic competition: Assumptions, SR& LR price and output determinations under monopolistic competition, economic efficiency and resource allocation Theory of a Monopoly Firm 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, social cost of monopoly	11
Part II		
V	Price and output determination under discriminating monopoly; remedies for monopoly: Antitrust laws, natural monopoly; oligopoly: assumptions, Pricing under perfect collusive oligopoly (pricing under cartel), Incomplete or Informal Collusion: Price leadership, Non collusive Oligopoly: Theory of Kinked demand Curve.	11

VI	<p>a) Other theories of Market Full cost (or Mark Up) pricing Approach of Hall and Hitch and Andrew's Version, Williamson's Managerial Theory of the firm, Behavioral theory of the firm, Sales Maximisation Model of Oligopoly.</p> <p>b) Markets and Market Failure Market adjustment to changes in demand, efficiency of perfect competition; sources of market failure: imperfect markets, public goods, externalities</p>	11
VII	<p>Income Distribution and Factor pricing Marginal Productivity Theory of Distribution, Euler's Theorem and Adding up problem Input markets: demand for inputs; labour markets, land markets, profit maximisation condition in input markets, input demand curves, distribution of Income.</p>	11
VIII	<p>Welfare Economics: Concept & Definition of Welfare Economics. Normative & Positive Economics. Concepts of Social Welfare. Role of Value Judgment in Welfare Economics, Individual & Social Welfare. Pareto Optimality, Conditions of Pareto Optimality. New Welfare Economics: Kaldor-Hicks Welfare Criterion.</p>	11
<p>Suggested Readings:</p> <ol style="list-style-type: none"> 1. Ahuja, H.L.(2013) : "Advanced Economic Theory", S.Chand & Company. Shastri,Rahul.A (1999) : "Microeconomics", Orient Blackswan. 2. Ahuja,H.L.(2012) : "Ucchatar Arthik Siddhant", S.Chand & Company, New Delhi. 3. Dwivedi,D.N (2011) : "Microeconomics-Theory & Applications", Pearson. 4. Lal, S.N (2013) : "Arthshastra Ke Siddhant", Shiva Publishing House, Allahabad. Seth,M.L (2012) : "Arthshastra Ke Siddhant", Laxmi Narayan Publications, Agra 5. Lipsey, Richard & Chrystal, Alec (2011) : "Economics", Oxford University Press Publications, New Delhi. 6. Pindyck, Robert.S., Rubinfeld, Daniel.L., Mehta, Prem.L (2009) : "Microeconomics", Pearson. 7. Salvatore, Dominic (2010) : "Principles of Microeconomics", Oxford University Press Publications, New Delhi. 8. Samuelson, Paul.A & Nordhaus, William.D (2010) : "Economics", Tata McGraw Hill. 9. Koutsoyiannis, A (2008) (2nd ed) : "Modern Microeconomics", Macmillan. 9. Stonier, A.W & Hague, Douglas.C (2003) (5th ed) : "A Text Book of Economic Theory", Pearson. 		
<p>Suggested Continuous Evaluation Methods: Assignment / Test / Quiz (MCQ) / Seminar / Presentations / Research orientation of students.</p>		
<p>Suggested equivalent online : Swayam Coursera</p>		