

## SEMESTER I

### I. MAJOR COURSE –MJ 1:

(Credits: Theory-06)

Marks: 25 (5 Attd. + 20 SIE: 1Hr) + 75 (ESE: 3Hrs) = 100

Pass Marks: Th (SIE + ESE) = 30

#### *Instruction to Question Setter for*

#### Semester Internal Examination (SIE, 20+5=25 marks):

There will be two group of questions. Question No.1 will be very short answer type in Group A consisting of five questions of 1 mark each. Question No.2 will be short answer type of 5 marks. Group B will contain descriptive type two questions of ten marks each, out of which any one to answer.

The Semester Internal Examination shall have two components. (a) One Semester Internal Assessment Test (SIA) of 10 Marks. (b) Class Attendance Score (CAS) of 5 marks. Conversion of Attendance into score may be as follows: (Attendance Upto 45%, 1mark: 45<Attd.<55, 2 marks: 55<Attd.<65, 3 marks: 65<Attd.<75, 4 marks: 75<Attd, 5 marks)

#### End Semester Examination (ESE 75 marks):

There will be two group of questions. Group A is compulsory which will contain three questions. Question No.1 will be very short answer type consisting of five questions of 1 mark each. Question No.2 & 3 will be short answer type of 5 marks. Group B will contain descriptive type six questions of fifteen marks each, out of which any four are to answer.

*Note: There may be subdivisions in each question asked in Theory Examinations.*

### Introduction to Microeconomics

Theory: 90 Lectures

#### **Course Objectives:**

1. This course aims to familiarize students with the basic micro economic theory.
2. It will enable them to understand real world economic issues & problems related to consumer's behaviour, production, markets, distribution & welfare.

#### **Course Learning Outcomes:**

1. The student will be able to understand the concepts of basic micro economic theory.
2. They will learn to use empirical methods to derive practical and applicable solutions for real life problems.

#### **Course Content:**

#### UNIT-I Introduction

1. Definition of Economics: Adam Smith, Alfred Marshall, Lionel Robbins & Samuelson-Basic Postulates, Price Mechanism, Choice and Scarcity
3. Micro and Macro Economics: Difference and Scope.
4. Normative and Positive Economics.

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### UNIT- II Consumer's Behaviour

1. Utility; Marshallian Utility Analysis- Law of Diminishing Marginal Utility and Law of Equi-Marginal Utility
2. Indifference curve Analysis- Definition, Properties of Indifference curves, Budget line, Consumer's Equilibrium, Price Effect, Income Effect, Substitution Effect and Application of Indifference Curve Analysis
3. Demand- Meaning, Factors affecting Demand, Law of Demand; Elasticity of Demand –Meaning, Types and Measurement
4. Consumer's Surplus – Concept; Measurement with the help of Marshallian Utility Analysis and Indifference Curve Analysis

### UNIT- III Theory of Production

1. Factors of production.
2. Law of Variable Proportions (Short run Law of Production).
3. Law of Returns to Scale (Long-run Law of Production).
4. Isoquant and Iso-cost line- Definition and Properties
5. Producer's Equilibrium – Concept & Measurement with the help of Isoquant and Isocost lines; Expansion Path
6. Theory of Cost: Different types of cost to a producer, Shape of the cost curves, relationship between average and marginal cost.

### UNIT- IV Market Forms and Equilibrium

1. Types of Markets - Perfect and Imperfect; Revenue Curves in different forms of Markets
2. Perfect Competition- Characteristics, Equilibrium of Firms in short run and long run, Equilibrium of Industry in short run and long run
3. Monopoly- Characteristics, Equilibrium of Firm in short run and long run, Degrees of Price Discrimination
4. Oligopoly- Characteristics, Collusive and Non-Collusive Oligopoly, Kinked Demand curve
5. Monopolistic Competition- Meaning, Characteristics and Examples from the Real world

### UNIT- V Theories of Distribution

1. Marginal Productivity Theory of Distribution
2. Rent- Ricardian Theory, Classical Theory and Modern Theory
3. Interest- Classical Theory, Keynesian Theory and IS-LM Theory
4. Wages- Classical Theory
5. Profit- Innovation Theory, Risk Bearing Theory and Uncertainty Theory

### UNIT- VI Welfare Economics

1. Meaning of Welfare, Economic Welfare, Individual Welfare and Social Welfare
2. Classical Welfare Economics
3. Pareto Optimality- Pareto Optimality in Production, Consumption and Exchange
4. Compensation Criteria (Kaldor & Hicks)
5. Problems in measuring Welfare

### **References:**

1. Varian, Hal R., Intermediate Microeconomics, 8<sup>th</sup> Edition, Affiliated East-West Press.
2. Stonier, Alfred W. & Hague, Douglas C., A Textbook of Economic Theory, 5<sup>th</sup> Edition, Pearson.
3. Koutsoyiannis, A., Modern Microeconomics, 2<sup>nd</sup> Edition, Palgrave Macmillan.
4. Pindyck, Robert & Rubinfeld, Daniel, Microeconomics, 8<sup>th</sup> Edition, Pearson
5. Ahuja, H.L., Advanced Economic Theory.
6. Samuelson and Nordhaus, Economics, Irwin McGraw Hill

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