

Semester I
B.A. (Honours) Economics
C 1: INTRODUCTORY MICROECONOMICS (6 Credits)
Full marks: 100 (Mid Term-20 + End Term-80)

Course Description

This course is designed to expose the students to the basic principles of microeconomic theory. The emphasis will be on thinking like an economist and the course will illustrate how microeconomic concepts can be applied to analyze real-life situations.

Units	No of Lecture hours	No of Tutorial hours	Marks
1 Exploring the subject matter of Economics: Why study economics? Scope and method of economics; Scarcity and choice; Types of Microeconomic Analysis, Goals of Microeconomics- Growth and Efficiency; The economic problems: the question of what to produce, how to produce and how to distribute output; Economic models: Verification and general features of economic models ; the basic competitive model - prices, property rights and profits; incentives and information; rationing; opportunity sets; economic systems- Command, Free Market and Mixed; reading and working with graphs.	15	3	16
2 Supply and Demand: How Markets Work, Markets and Welfare: Markets and competition; determinants of individual demand/supply; demand/supply schedule and demand/supply curve; market versus individual demand/supply; shifts in the demand/supply curve, demand and supply together; how prices allocate resources; elasticity and its application; controls on prices; taxes and the costs of taxation; consumer surplus; producer surplus and the efficiency of the markets.	15	3	16
3 The Household Behaviour and Consumer's Choice: The consumption decision - budget constraint, consumption and income/price changes, demand for all other goods and price changes; description of preferences (representing preferences with indifference curves); properties of indifference curves; consumer's optimum choice; income and substitution effects; labour supply and savings decision - choice between leisure and consumption.	15	3	16
4 The Firm and Perfect Market Structure Behaviour of profit maximizing firms and the production process; short run costs and output decisions- Basic concepts, relationships, output decisions: revenues, costs and profit maximization; costs and output in the long run, Long run costs: economies and diseconomies of scale. Imperfect Market Structure Monopoly and anti-trust policy; government policies towards competition; imperfect competition.	15	3	16
5 Input Markets Labour market - basic concepts (derived demand,	15	3	16

	productivity of an input, marginal productivity of labour, marginal revenue product); Labour markets- Firm using only one variable factor of Production- Labour, A firm employing Two Variable Factors of Production in the Short and long Run; Land market- Determination of Rent, Rent and the value of Output produced on land, Firm's profit-maximizing condition in input markets, Input demand curves; shifts in input demand curves; Resource Allocation and the Mix of Output in Competitive Markets, Distribution of Income- Marginal Productivity Theory; Competitive labour markets; and labour markets and public policy.			
Total		75	15	80

Reading List:

1. Karl E. Case and Ray C. Fair, Principles of Economics, Pearson Education Inc., 8th Edition, 2007.
2. N. Gregory Mankiw, Economics: Principles and Applications, India edition by South Western, a part of Cengage Learning, Cengage Learning India Private Limited, 4th edition, 2007.
3. Joseph E. Stiglitz and Carl E. Walsh, Economics, W.W. Norton & Company, Inc., New York, International Student Edition, 4th Edition, 2007.
4. G.S. Maddala and Ellen Miller, Microeconomics: Theory and Applications, Mc Graw Hill Education, Tenth Reprint, 2013, New Delhi Edition.
5. R. S. Pindyck, D. N. Rubinfeld and P. L. Meheta (2009): Microeconomics, 7th Edition, Pearson, New Delhi.