

SEMESTER – I :: COURSE - I
MICROECONOMIC ANALYSIS
NO. OF CREDITS: 4

LEARNING OUTCOMES FOR THE COURSE

At the end of the course, the student is expected to demonstrate the following cognitive abilities and psychomotor skills.

1. Remembers and states in a systematic way (Knowledge)
 - a. the differences between microeconomic analysis and macroeconomic analysis
 - b. various laws and principles of microeconomic theory under consumption,
2. Explains (understanding)
 - a. various terms and concepts relating to microeconomic analysis with the help of examples of real life
 - b. consumer's equilibrium and consumer's surplus using indifference curve analysis.
 - c. various laws and principles of consumption, production, and income distribution
 - d. determination of price and output discriminating different market conditions in short term and long term
3. Critically examines using data and figures (analysis and evaluation)
 - a. various laws and principles of microeconomic analysis and market conditions
 - b. application of the concept of demand elasticity and its relation with Average and Marginal Revenue
 - c. the relationship between average and marginal cost/revenue both in long term and
4. Draws critical diagrams and graphs to explain and examine the application of various laws and principles of microeconomic analysis

Module-1: Economic Analysis and Methodology

Scarcity and Choice as fundamental problems of economics - Opportunity Cost - Production Possibilities Curve - Micro and Macro Analysis - Micro economic analysis – Scope and Importance -Principles of Microeconomics : Allocation of Resources - Optimization, Equilibrium and Marginal analysis -Rationality Principle the concept of Welfare

Module -2: Theory of Consumption

Concept of Demand -Factors determining demand - Law of Demand - reasons and exceptions - Elasticity of Demand -Cardinal and Ordinal utility - Indifference Curve analysis : Properties of Indifference curves, Indifference Curve Map -Marginal Rate of Substitution - Budget Line - Changes -Consumer Equilibrium under Indifference Curve Analysis – Consumers' Surplus and Indifference Curve Analysis

Module -3: Theory of Production

Concept and Objectives of Firm - Production Function : Cobb- Douglas Production Function -Law of Variable Proportions -Laws of Returns to Scale - Economies of large scale - Concepts of Cost - Total, Average and Marginal Costs - Law of Supply - Concept of Revenue : Total, Average and Marginal Revenues - Relation between Average and Marginal Revenues and elasticity of Supply

Module-4: Theory of Exchange

Concepts of Market : Criteria for Classification of Markets - Perfect Competition- Conditions, Price and Output determination ; Monopoly : Conditions, Price and Output Determination - Price Discrimination; Monopolistic Competition - Assumptions - Price and output determination - Selling Costs ; Oligopoly -Types- Kinky demand curve and Price rigidity

Module - 5: Theory of Distribution

The concepts of Functional and Personal Distribution of Income - Marginal Productivity Theory of Distribution - Modern Theory of Distribution -Concept of Rent - Ricardian Theory of Rent – Marshall's concepts of Economic Rent and Quasi Rent; Theories of Wage Determination: Subsistence Theory and Standard of Living Theory - Modern Theory of Wages; Classical Theory of Interest -Loanable Funds Theory of Interest -Liquidity Preference Theory of Interest; Theories of Profit: Risk and Uncertainty, Dynamic and Innovations Theories.