

**ECO-100: MICROECONOMICS I****( Contact Hours: 60, Credits:4)****Course Objectives:**

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.

**Learning Outcomes:**

As a foundation course, in this Paper, the student will understand the behaviour of an economic agent, namely, a consumer, a producer, a factor owner and the price fluctuations in a market. In addition, the student will learn principles of factor pricing and welfare economics.

**Unit – I**

**Consumer Behaviour:** nature and scope of Economics. Concepts of demand and supply, price mechanism and market equilibrium. Individual and market demand curve; shifts in demand curve; elasticity of demand: types, determinants and methods of measurement (point, arc and total outlay methods); relationship between the price elasticity of demand and the slope of the demand curve. Indifference curve analysis of demand: basic assumptions, properties, consumer's equilibrium.

**Unit – II**

**Production, Cost and Supply:** Concepts of production function, isoquants and their properties; returns to a factor, returns to scale, law of variable proportions; cost curves – short run and long run; total, average and marginal revenue curves, relationship between AR, MR and price elasticity. Concept of supply, derivation and shifts of supply curve, elasticity of supply.

**Unit – III**

**Market Structure:** perfect and imperfect competition; equilibrium of the firm and industry under perfect competition in the short run and long run; equilibrium of the firm under monopoly and monopolistic competition in the short run and long run; Chamberlin's group equilibrium; meaning and features of oligopoly.

**Unit - IV**

**Factor Pricing and Welfare Economics:** marginal productivity theory of distribution; Ricardian and modern theories of rent; Subsistence and wage fund theories of wages; liquidity preference theory of interest; Knight's theory of profit. Concepts of welfare; value judgements; problems in measuring welfare; Classical welfare economics; Pareto optimality; social welfare function.

**Suggested Readings:**

Koutsoyiannis, A. *Modern Microeconomics*. Macmillan, London (latest edition).

Mankiw, N. G., *Principles of Economics*, Cengage Learning, New Delhi (latest edition).

Samuelson, P.A. and W.D. Nordhaus (1998), *Economics*, Tata McGraw Hill, New Delhi.

Stonier, A.W. and D.C. Hague (1999), *A Textbook of Economic Theory*, Pearson Education, New Delhi.

Ahuja, H. L. *Advanced Economic Theory*, S. Chand Publishing, New Delhi, (latest edition).