

**SEMESTER-I  
MAJOR / MINOR**

**ECO122J: ECONOMICS (BASIC MICROECONOMICS)**

**CREDITS: THEORY: 04; TUTORIAL: 02**

**Course Description:** *This is a core course of 06 credits (01 credit for each unit with last two units as tutorials). The course starts with some basic concepts required for understanding the essence of subject, followed by law of demand and supply along with the concepts like market equilibrium, utility, budget line and consumer's equilibrium. The course concludes with the basic concepts associated with producer's equilibrium. Overall focus of the course is to foster knowledge, comprehension and skills among the learners.*

**Course Objective:** *The course is designed to expose the students to the basic principles of microeconomic theory. The course illustrates how microeconomic concepts can be applied to analyze real life situations.*

**Learning Outcomes:** *After completing this course, the student is expected to:*

**LO1:** *Develop a basic understanding of theoretical concepts in microeconomics*

**LO2:** *Exhibit a broad understanding of the theory of demand and be in a position to calculate demand elasticity under different circumstances.*

**LO3:** *Demonstrate an understanding of utility theory and analyze changes in budget and its impact on consumer's equilibrium*

**LO4:** *Acquire the skills to calculate revenue and cost functions of a firm.*

**THEORY (4 CREDITS)**

**UNIT I: INTRODUCTION**

Economics: nature & scope; methodology of economics; microeconomics and macroeconomics – distinction; central problems of an economy; basic economic concepts; the economic problem -scarcity and choice; concept of opportunity cost; production possibility curve.

**UNIT II : DEMAND & SUPPLY**

Demand – concept and types, demand schedule & demand curve; determinants of demand; law of demand & its exceptions; movement vs. shift in demand. Supply- concept, types and determinants; law of supply. Elasticity of demand & supply; types and measurement of elasticity of demand, factors affecting elasticity of demand.

**UNIT III: UTILITY ANALYSIS OF DEMAND**

Consumer Preference's, Utility- concept and approaches, total utility and marginal utility and the relationship between the two; law of diminishing marginal utility and law of equi-marginal utility; utility function; indifference curve- concept, types, assumptions and properties; budget line; consumer's equilibrium, derivation of demand curve using indifference curve analysis.

**UNIT IV: PRODUCTION, COST & REVENUE**

Production function, law of variable proportions, economies and diseconomies of scale, returns to scale. Isoquants - properties of isoquants; iso-cost line, producer's equilibrium - cost minimizing approach. Cost: concepts, short run and long run cost curves. Revenue: concepts of revenue- total, average and marginal revenue and their relationship.

## **TUTORIAL-(2 CREDITS)**

### **UNIT V: TUTORIAL-I (1 CREDIT)**

- Use of two-dimensional plan in economics – single and two variable graphs.
- Numerical examples of calculating elasticities – point and arc elasticities.
- A case study on giffen paradox
- Derivation of demand curve from market data.

### **UNIT VI: TUTORIAL-II (1 CREDIT)**

- Numerical exposition on budget line
- Numerical exposition on total utility and marginal utility
- Numerical exposition on total cost, average cost and marginal cost

### ***BASIC READINGS***

1. Mankiw, N. (2020). Economics: Principles and applications, 9<sup>th</sup> ed. Cengage Learning.
2. Samuelson, P., & Nordhaus, W. (2010). Principles of economics. McCraw-hill, New York, 10<sup>th</sup> edition.
3. Bernheim, B. Douglas, and Michael Dennis Whinston. 2014. *Microeconomics*. New York, NY: McGraw-Hill/Irwin.
4. Karl E. Case, Ray C. Fair, Sharon E. Oster (2017), Principles of Microeconomics, Pearson.
5. Snyder, C., Nicholson, W. (2010). Theory and Application of Intermediate Microeconomics, 10<sup>th</sup> Edition.
6. Snyder, C., Nicholson, W. (2010). Microeconomic theory: basic principles and extensions, 10<sup>th</sup> Editions
7. Varian, H. (2010). Intermediate microeconomics: A modern approach, 8th ed. W. W. Norton.
8. Bergstrom, T., Varian, H. (2014). Workouts in intermediate microeconomics. W. W. Norton.
9. Stonier, A. W., & Hague, D. C. (2008). A textbook of economic theory, 5<sup>th</sup> Edition.