

BA FIRST YEAR
1106
Economics
Paper I- Micro Economics

Objective : This paper is designed to provide a sound training in microeconomic theory. This course looks at the behavior of the consumer and the producer. It also covers the price determination of a commodity by a firm in commodity market and of a factor in factor market.

Unit I

Introduction

Definitions of Economics , Nature and Scope of Economics, Methods of Study- Inductive and Deductive, Positive and Normative Approach, Choice as an Economic Problem, Micro and Macro Economics, Static, Comparative Statistics and Dynamic Analysis, The Concept of Equilibrium.

Unit II

Consumer Behavior

Utility Analysis- Cardinal Approach – Law of Diminishing Marginal Utility and Law of Equi-Marginal Utility. Demand- Meaning, Law of Demand and Demand Curve, Elasticity of Demand – Price, Income and Cross Elasticity; Consumer's Surplus.

Ordinal Approach- Indifference Curve Analysis – Consumer's Equilibrium; Price , Income and Substitution Effect –Hicks and Slutsky Analysis.

Unit III

Producer's Behavior

Production Function, Laws of Variable Proportions and Stages of Production. Isoquants – Factor Substitution and Returns to Scale, Equilibrium of the Firm, Expansion Path. Producers' Surplus. Different Concepts of Cost and Revenue Curves and their relationship.

Unit IV

Market Theory

Perfect and Imperfect Markets, Characteristics and Determination of Equilibrium Price and Quantity in Perfect Competition and Monopolistic Competition.

Monopoly Market – Characteristics, Determination of Equilibrium Price and Quantity under Monopoly. Price Discrimination.

Oligopoly Market- Characteristics and Price Determination- Kinked Demand Curve Model, Price Leadership Models and Collusive Models.

Unit V

Factor Pricing

Marginal Productivity Theory of Distribution, Concept of Wages, Substance, Theory of Wages and Modern Theory of Wager Determination, Concepts of Rent, Theories of Rent- Ricardian and Modern Theory.

Concepts of Interests – Classical, Keynesian Theories of Interest and Modern Theory, Concepts of Profits, Innovation, Risk and Uncertainty Theories of Profit.

Basic Reading List :-

1. Ahuja, H.L. – Principles of Micro Economics, S. Chand and Co. Ltd., New Delhi (Hindi and English Version).
2. Case, Karl E. & Ray C. Fair (2007), Principles of Economics, Pearson Education, Inc., 8th edition.
3. Jhingan, M.L. – Micro Economic, Vrinda Publications Pvt. Ltd., New Delhi (Hindi and English Version).
4. Koutsyannis, A. – Modern Micro Economics, Macmillan.
5. Mankiw, N. Gregory (2007), Economics: Principles and Applications, 4th edition, India edition by South-Western, a part of Cengage Learning, Cengage Learning India Private Limited.
6. Nathuramka L.N.- Micro Economcis, College Book House, Jaipur (Hindi and English Version).
7. Samuelson, and Nardhaus – Economics, Tata McGraw Hill, New Delhi.
8. Salvatore D, (2002) Theory and Problems of Microeconomic Theory, Schaum's Outline Series, McGraw-Hill Book Company, Singapore.
9. Seth, M.L. – Principles of Economics, Laxmi Narayan Agrawal, Agra (Hindi and English Version).
10. Stiglitz, Joseph E. and Carl E. Walsh (2006), Economics, International Student Edition, 4th Edition, W.W. Norton & Company, Inc., New York, ISBN 0-393-92622-2. (hereafter Stiglitz & Walsh, 2006, 4e).
11. Varian, H. (2000), Microeconomic Analysis, W.W. Norton, New York.
12. Varma, K. N. (Latest Ed.), Microeconomic Theory, Vishal Publication Co., New Delhi (Hindi and English Versions).