**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.