

I SEMESTER MICRO ECONOMICS

Course objectives:

- To help students to acquire basic knowledge in economic concepts and theories.
- To provide foundation for the study of other branches of economics
- To develop analytical, reasoning and graphical presentation of skills.
- To enable the students to appreciate the utility of economics in day to day life.

Module-I: Introduction.

10 hrs

Micro-economics – meaning – scope – merits and demerits. Problem of scarcity and choice – Production possibility curve (PPC). Meaning of price mechanism – its role in free market, mixed and controlled economics.

Module-II: Consumer behavior

20 hrs

Utility analysis – meaning – cardinal and ordinal utility – law of diminishing marginal utility - illustration of law (table and graph), uses and limitations (exceptions). Consumer surplus – Indifference curve technique - meaning – properties – budget line, consumer equilibrium – income effect (positive and negative), price effect.

Module III: Demand and supply analysis

20 hrs

Demand – Meaning – law of demand – illustration with table and diagram – exceptions to the law – factors determining demand. Elasticity of demand – meaning – types of price elasticity of demand – factors determining elasticity of demand – practical importance of the concept. Demand forecasting – meaning – objectives – importance – methods of demand forecasting – survey method (Survey of buyer’s intentions, expert opinion, controlled experiments and simulated market situation) and statistical methods (Trend projection (time series) method, method of moving averages, barometric method and economic indicators). Law of supply – stock and supply – factors determining supply.

Module IV: Theory of Production

15 hrs

Concept of production – production function – meaning – laws of return – law of variable proportion – 4 stages – increasing, diminishing, constant and negative. Economies of scale – Internal economies – meaning, benefits. External Economies – meaning – benefits – Diseconomies.

Module V: Costs of production

10 hrs

Concepts of costs – TC, TVC, TFC, AC, AVC, AFC and MC (Theory based exercises). Opportunity costs. Concept of Revenue – TR, AR, MR – meaning and Nature.

SKILL DEVELOPMENT:

- Visit a village or town and find out whether price mechanism work in that locality – prepare a report.
- Illustrate the law of DMU with an example of your choice.
- Work-out a problem on consumer surplus.
- Prepare some examples for different types of elasticity of demand.
- Outline the steps or methods to forecast demand for a mass consumption good.
- Prepare a chart showing different concepts of costs and revenues.

REFERENCE BOOKS:

1. Principles of economies – M.L. Seth.
2. Principles of Economics – M.L. Jingham.
3. Micro and Macro Economics – H.L. Ahuja.
4. Economic theory – Mithani.
5. Economies – Samuelson.
6. A text-book of Economics – Stonies and Hague.
7. Micro and Macro economies – K.P.M Sundaram.
8. An introduction to modern economics – Robinson and Eatwell.
9. Micro and Macro Economics – M.C. Vaish.
10. Micro Economics – M.M Gupta.