B.A. Honours Business Economics

Generic Elective Courses

GE: Principles of Microeconomics

Course Title and Code	Credits	Credit distribution of the course			Eligibility Criteria	Pre-requisite of the course
		Lecture	Tutorial	Practical/Practice		
Principles of Microeconomics	4	3	1	0	Class XII	None

Learning Objectives

This course aims to:
(i) develop a theoretical understanding of strategic behaviour of economic agents and functioning of a market economy through demand and supply
(ii) offer understanding of the basic principles of micro economics like problem of scarcity and choice, elasticity, optimisation of resources
(iii) introduce students with concepts of consumer theory, production and cost, analysis of individual choices
(iv) equilibrium outcomes and how they are determined by changing market and social conditions
(v) impart sufficient examples based on real economy from both local and global perspective.
(vi) offer sound knowledge and skill to use the managerial economics concepts and techniques for effective management planning, evaluating performance and making decisions.

Learning Outcomes
By studying this course, students will be able to:
(i) to assess the economic analysis method, with reference to cost-benefit analysis of private and public actions.
(ii) compare and contrast production and cost in short run and long run
(iii) to identify and evaluate various models of different markets, and the price and output decisions for maximizing profit
(iv) understand the links between household and firm behavior and the economic models of demand.
(v) use the microeconomic theory and principles to current issues and evaluate related public policy initiatives and response

Unit I: - Introductory concepts and methods **[8 hours]**

Scope of Economics, Three principles: optimization, equilibrium and evidence. Markets, Demand and supply curves: individual and aggregate and shifts.

Unit: II : Foundations of Microeconomics **[12 hours]**

Preferences, price and income changes and the demand curve; consumer surplus and elasticities.
Production, cost curves and revenue curves. Supply curve and its elasticity; long and the short run; producer surplus. Competitive equilibrium, entry and exit; economic and accounting profit.
Perfect competition and pareto efficiency; resource allocation; deadweight loss; equity and efficiency.

Unit III: Trade, Externalities and Factor Markets **[12 hours]**

Production possibility curve and opportunity cost. Basis of trade: absolute and comparative advantage. Trade between states and between countries. Arguments against free trade.
Externalities positive and negative; private solutions and government solutions. Public goods and common goods.
Markets for factors of production; labour, physical capital and land. The supply of labour and wage inequality.

Unit IV : Market Structure **[13 hours]**

Sources of market power. The monopolist: revenue curves, optimal quantity and price. Price discrimination and government policy towards monopoly.
Oligopoly models with homogenous and non-homogenous products. Monopolistic competition: short run and long run equilibrium.

Essential Readings

Acemoglu Daron, David Laibson, List John, Microeconomics, Pearson 2019

Additional Readings

Core Econ Team, The Economy 1.0 and The Economy 2.0, www.core-econ.org

Case, K.E., Fair, R.C., Sharon O., Principles of Economics, Pearson