

## 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](http://www.core-econ.org)

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