

**Course Title: Micro Economic Analysis**

**Course Code: 101**

1. **Nature and Scope of Economics:** Introduction; Definitions – Wealth, Welfare, Scarcity, Growth; Basic Concepts; Methodological Issues in Economics; Economic Models; Partial and General Equilibrium, Economic Statics and Dynamics; Basic problems of economy; Economic Systems, Microeconomics vs. Macroeconomics, Concept of Equilibrium.

**(4 hours)**

2. **Theories of Consumer Behaviour:**

- a. **The neo-classical utility analysis;** Introduction; Assumptions of Utility Analysis; Total Utility vs. Marginal Utility; The Law of Diminishing Marginal Utility; The Law of Equi-Marginal Utility.
- b. **Demand and Law of Demand:** Meaning of Demand, factors Influencing Demand; an Individual's Demand Schedule and Curve; The Market Demand Curve and Schedule; The Law of Demand; Income Demand; Cross Demand; Short-Run and Long Run Demand Curves; Defects of Utility Analysis or Demand Theory.
- c. **The Indifference Curve Theory:** Introduction; Indifference Curves; Assumptions of Indifference Curve Analysis; Properties of Indifference Curves; Marginal Rate of Substitution; Price-Income Line; Consumer's Equilibrium; Income Effect; Substitution Effect; Price Effect; The Separation of Substitution and Income Effect, To Derive Demand Curve from Price Consumption Curve; Compensated Demand Curve; Superiority of Indifference Curve over Utility Analysis; Criticisms of Indifference Curve Analysis.
- d. **Revealed Preference Theory of Demand:** Introduction; Choice Reveals Preference: The Law of Demand; Derivation of the Demand Curve from Revealed Preference Theory; Superiority of Revealed Preference Theory; Defects of Revealed Preference Theory.
- e. **Elasticity of demand:** Introduction; Price Elasticity of Demand; Cross Elasticity of Demand; Income Elasticity of Demand; Factors Affecting Price Elasticity of Demand; Importance of the Concept of Price Elasticity; Applications

**(30  
hours)**

3. **Production theory:**

- a. **Factors of production:** Classification of Factors of Production; Characteristics; Criticisms; Importance.
- b. **Scale of production:** Meaning; Economies of Large Scale Production; Diseconomies of Large Scale Production; Advantages and Disadvantages of Large Scale Production; Advantages and Disadvantages of Small Scale Production; Causes of Survival of Small Industries.
- c. **Laws of Returns - Traditional Approach:** Introduction; the Production Function; the Law of Variable Proportions; the Laws of Returns to Scale.

**(10  
hours)**

#### **4. Costs and Revenue:**

- a. **Nature of costs and cost curves:** Accounting and Economic Costs; Production Costs; Opportunity Costs; Private and social Costs; The Cost Function; the Traditional Theory of Cost; The Modern Theory of Costs.
- b. **Market Structures:** Meaning of Market; Characteristics of Market; Market Structure; Forms of Market Structure and its Features; Comparison of Different Market Structures.
- c. **Concept of revenue:** Total, Average and Marginal Revenue; Relation between AR and MR curves; Importance of Revenue Curves.
- d. **Supply:** Supply; The law of Supply; The Elasticity of Supply; The Short-run Supply Curve of the Firm and Industry; The Long-run Supply Curve of the Firm and Industry; Supply Curve Under Imperfect Competition

**(8  
hours)**

#### **5. Pricing of Factors of Production**

**(8 hours)**

##### **1.1. Factor Pricing In Perfectly Competitive Markets**

- 1.1.1. The Demand For Labour In Perfectly Competitive Markets
- 1.1.2. The Supply Of Labour In Perfectly Competitive Markets
- 1.1.3. The Determination Of The Factor Price In Perfect Markets

##### **1.2. Factor Pricing In Imperfectly Competitive Markets**

- 1.2.1. Monopolistic Power In The Product Market
- 1.2.2. Monopsonistic Power In The Factor Market

#### **Recommended Books**

A.Koutsoyannis, Modern Microeconomics.  
 H.L.Ahuja, Advanced Economic Theory  
 Sampat Mukherjee, Analytical Microeconomics  
 K.K.Dewett, Modern Economic Theory  
 Hal.RVarian, Microeconomic Analysis.  
 Hugh Gravelle & Ray Rees, Microeconomics.