

**SEMESETR-III**

**ECON. 611: PRINCIPLES OF MICROECONOMICS (General) 3(3-0)**

**Course Outline**

**1. Introduction to Economics**

- Studying Choice in a World of Scarcity
- The No-Free-Lunch Principle
- The Cost-Benefit Principle; Economic Surplus , Opportunity Cost
- The Role of Economic Models
- To what Extent should an Activity be Perused
- Micro Economic Versus Macro Economics
- Positive Versus Normative Economics and conclusion.

**2. Consumer Behaviour**

- Cardinal Approach/Utility Analysis
- Marginal Utility
- Law of Diminishing Marginal Utility
- Law of Equi-Marginal Utility
- Consumer Equilibrium Ordinal Approach of Consumer Behavior
- Indifference Curves, Features of Indifference Curves
- Budget Line, Consumer Equilibrium, Comparison between two approaches,

**3. Demand & Supply**

- Demand Function
- Law of Demand, Shift in Demand, Change in Demand, Factors Affecting Demand
- Supply Function, Law of Supply, Changes in Supply Price and Market Equilibrium.

**4. Elasticity of Demand & Supply**

- Price Elasticity of Demand & Supply, Point Elasticity of Demand & Supply Arc.
- Elasticity of demand & Supply
- Income Elasticity of Demand & Supply
- Cross Elasticity of demand & Supply, Conclusion.
- Efficiency and Exchange: Market Equilibrium and Efficiency, Economic Surplus, the Cost of Preventing Price Adjustments, Taxes and Efficiency

**5. The Theory of production & Theory of Cost**

- The Production Function
- Total, average and marginal product
- Laws of Returns to Scale , Short run Theory of Cost , Seven family cost curves
- Relationship between Production and Cost Curves
- Long-run Theory of Cost: Graphical Representation of Long Run Cost Economies
- Diseconomies and Constant Returns to Scale.

**6. Market Structure**

- Perfect Competition vs. Pure Competition
- Different Possibilities of SR firm Equilibrium
- Profit Maximization in the Short-run and long-run Monopoly: Short run and Long run Equilibrium under Monopoly Conclusion (Comparison of both)
- Imperfect Competition: Monopolistic Competition
- Price and output determination in monopolistic competition
- Comparison perfect competition with monopolistic competition
- Price Rigidity and the kinked demand curve, The Market
- Demand and Supply of labor
- Shifts in the market demand for and supply of labor, Inefficiency wages, monophony

**Recommended Books**

1. Mankiw, “Principles of Economics” 7th Edition, (2008), Southwest Publishers
2. McConnell and Bruce-Principles of Economics -17th Edition, (2006), McGraw- Hill.
3. Miller, R. L –EconomicsToday-14th Edition (2005) Addison Wesley Supplementary Material.
4. Samuelson Nordons –Economics -18th edition (2004), McGraw-Hill, Inc.