

SAINT CLARET COLLEGE, ZIRO

B. A. (ECONOMICS)

SYLLABUS AS PER RGU SEMESTRAL SCHEME
(Subjected to syllabus enrichment by SCCZ for Claretines)

Semester V

BECO 505: Micro Economic Theory

Total Marks: 100 (80- End Semester and 20-Sessional)

Objectives: Having studied this paper, a student will be able to:

- a. *Explain the consumer behaviour and price discrimination in market*
- b. *Explain production function, cost function and revenue*
- c. *Elucidate the types of market structures and distribution.*

Unit 0: Baseline Analysis: Assessment of baseline knowledge; revision of basic objects; fundamental of microeconomic theory; objectives; goal- setting.

Unit I: Consumer Behaviour: Cardinal and ordinal utility; indifference curves- characteristics, MRS; Budget line and its characteristics, utility maximisation, derivation of demand function, changes in income and price; income effect, and resolution of income effect into income and substitution effect; Normal and inferior(Giffen) Goods.

Unit II: Price Determination: Market demand and supply, equilibrium; adjustment to changes in demand and supply, static and comparative static analysis; Elasticity of demand: price, income and cross, Elasticity of supply: factors affecting elasticity of demand and supply.

Unit III: Production, Cost and Revenue: Production function: AP and MP, Isoquants, MRTS; Ridge lines, Returns to scale; Cobb-Douglas production function, its characteristics. Cost function- short run and long run, least cost input combination, Expansion path, relationship between short run average and marginal cost; Revenue: TR, AR, MR; Elasticity, AR and MR.

Unit IV: Market Structure: Perfect competition, monopoly, monopolistic competition, discriminating monopolist; oligopoly: price leadership, collusive oligopoly, duopoly, Cournot model, kinked demand curve.

Unit V: Distribution: Marginal productivity theory, Euler's Theorem, wage: bargaining theory, Loanable fund theory of interest, innovation theory of profit.

Unit 100: Advanced Skills. Journals/ magazine article discussion, assignment, seminar presentation

Recommended Readings:

Koutsoyiannis, A. (1975). *Modern Micro Economics*. New York: John Wiley & Sons Inc.

- Dominick S. (1995). *Principles of Micro Economics*. New Delhi: Oxford University Press.
- Gregory, N. M. (1980). *Principles of Micro Economics*. Australia: The publisher of Mankiw's.
- Salvatore, D. (2008). *Microeconomics theory and application*. New York: Oxford University Press.
- Ahuja, H. L. (2006). *Advanced Economic Theory*. Delhi: S. Chand limited.
- Satish, D., & Satyanarayana, S. V. (2015). Economic Vulnerability and Resilience to External Shocks: A cross country study. *Arthshastra Indian Journal of Economics & Research*, 4(6): 7- 23.
- Advance Micro Economics. Retrieved from.
<https://epgp.inflibnet.ac.in/Home/ViewSubject?catid=11>