ST. JOSEPH’S COLLEGE FOR WOMEN (AUTONOMOUS) VISAKHAPATNAM

# II SEMESTER ECONOMICS Time:6hrs/week

EC-Mi1-2701(4)  **MICRO ECONOMICS** Marks:100

w.e.f AK 2023-2024 (Admitted batch)

**COURSE OBJECTIVE:** This course is to learn about basic concepts, principles and theories in Microeconomic to understand the economic behavior of an individual person and firm.

**COURSE LEARNING OUTCOMES:**

After studying this course, the student shall be able to achieve the following outcomes:

**CO1: Explain what is an economy, economics and differentiate between micro and**

macro economics

**CO2: Analyses the demand of a product and estimate elasticity**

**CO3:** Estimate production function and understand its application

**CO4: Analyze functioning of different markets and their differentiations**

**CO5: Examine the determination of rent, wage, interest and profit**

**UNIT–1: INTRODUCTION TO ECONOMICS**

• Economic Activities and Economic System; Definition, Scope and Importance of Economics

• Fundamental problems of economics: Scarcity and Choice, Production Possibilities Curve

• Meaning and Scope of Microeconomics; Differences between Micro and Macro Economics

• Principles of Microeconomics: Equilibrium, Optimization, Welfare; Methodology in Economics : Positive and Normative

**UNIT- 2: DEMAND AND CONSUMPTION**

• Demand: Meaning, Types and Factors; Law of Demand

• Elasticity of Demand: Meaning, Price, Income and Cross Elasticities

• Utility: Meaning, Types, Importance; Marginal Rate of Substitution (MRS), DMRS

• Indifference Curves (IC): Concept, Properties; Budget Line; Consumer Equilibrium under IC

**UNIT- 3: PRODUCTION AND SUPPLY**

• Firm: Concept and Objectives; Production and Factors of Production; Concepts of Production, Cost and Revenue: Total, Average, Marginal

• Production Function: Meaning and Types; Cobb- Douglas Production Function

• Law of Variable Proportions; Laws of Returns to Scale

• Supply: Meaning, Factors, Law of Supply, Elasticity of Supply

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**UNIT – 4: MARKETS:** • Market: Concept and Classification; Perfect Competition: Characteristics, Equilibrium of Firm and Industry

• Monopoly: Characteristics, Equilibrium, Price Discrimination

• Monopolistic Competition: Characteristics, Equilibrium, Selling Costs

• Oligopoly: Characteristics, Types, Kinked Demand Curve Model

**UNIT - 5: DISTRIBUTION**

• Distribution: Meaning, types and importance

• Rent: Ricardian Theory of Rent, Marshallian Quasi Rent

• Theories of Wage: Subsistence Theory, Modern Theory

• Theories of Interest: Classical Theory, Loanable Funds Theory

• Theories of Profit: Risk and Uncertainty Theory, Innovations Theory

**REFERENCES:**

1. Microeconomic Analysis, Bilingual Textbook, APSCHE

2. H. L. Ahuja, Advanced Economic Theory, S. Chand, 2004

3. A. Koutsoyiannis, Modern Microeconomics – Macmillan, London.

4. P. N. Chopra, Principles of Economics, Kalyani Publishers, Ludhiana, 2018.

5. Telugu Academy Publications on Microeconomics

6. Microeconomics, Dr. Br. Ambedkar Open University Material

7. Microeconomics, IGNOU Material

**SUGGESTED ACTIVITIES:**

Unit-1: Group discussion on Identifying Surrounding Economic Activities

Unit-2: Project on Demand Analysis of any Good/Services and make presentation

Unit-3: Assignment on any production function or concepts of production

Unit-4: Field visit to any market and submission of a report

Unit-5: Seminar on distribution theories

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