



# MANIPAL UNIVERSITY JAIPUR

School of Arts and Law

Department of Economics

Course Hand-out

Micro-Economic Theory – I | EO 1121 | 4 Credits

Session: Jul- Dec 2016 | Faculty: K. K. Gaur

**Course Outcomes:** At the end of the course, students will be able to

- [1121.1] Relate the micro-economic theory concepts to the practical world.
- [1121.2] Understand and interpret the prevailing market conditions and fulfil the requirement of present day employers, who demand skill employability.
- [1121.3] Analyse the demand-supply scenario; production and cost scenario
- [1121.4] Illustrate the problems and solution for social and economic welfare of the country
- [1121.5] Describe the efficient distribution patterns for sustainable economy.

## A. SYLLABUS

**Introduction to Economics and Consumer Behaviour:** Nature scope and principles of economics; Methodology in economics; Scarcity and choice; choice by command and choice by market; the role of prices in a market economy. Meaning of Utility, Cardinal Utility Approach - Total and Marginal utility, law of diminishing marginal utility, Law of Equi-marginal utility, income and substitution effects; Ordinal Utility Approach, The consumption decision: preferences and their representation with indifference curves; budget constraints; consumer's optimum choice. Income Consumption Curve and price consumption curve, Price, substitution and income effect. **Theory of Demand and supply:** Demand and its determinants. Giffen Goods, Individual demand and supply schedules and derivation of market demand and supply; shifts in demand and supply curves; concept of elasticity and its application; Engel curve, Applications of demand and supply: price rationing, price floors, consumer and producer surplus. **Production, Cost and Market Behaviour:** Production: production functions, law of variable proportions, returns to scale; isoquant and isocost lines, cost minimizing equilibrium condition. short run and long run costs, revenue and profit maximizations, short run industry supply curve, economies and diseconomies of scale, economies of scope, long run adjustments. Price –output determination in case of perfect competition, monopoly.

## B. TEXT BOOKS

- H.L.Ahuja, *Advanced Economic Theory: Microeconomic Analysis*, S. Chand and Co. Limited, New Delhi, 2007
- P. Samuelson and Nordhaus, *Economics*, 19 th Edition, Tata McGraw-Hill, 2008.
- C. E. Case and C. Ray, *Principles of Economics*, Pearson Education, Inc., 8<sup>th</sup> edition, 2007.
- N. G. Mankiw, *Economics: Principles and Applications*, Cengage Learning India Private Limited, 4<sup>th</sup> edition, 2007.
- J. E. Stiglitz and C. E. Walsh, *Economics*, W.W. Norton & Company, Inc., New York, International Student Edition, 4th edition, 2007

