

BA Programme

Course Code:	EC 03
Course Title:	Microeconomics I
Semester: III	Credits: 4

Type of Course: This course is a compulsory course for those pursuing a Major in Economics. It is also available to students of other streams provided they have studied and passed Mathematics at the +2 level. Completion of this course would also be a prerequisite for taking EC 07 (Microeconomics II) which shall be offered in Semester IV.

Course Description: This course is the first part of the training in micro-economic theory and concepts at undergraduate level. The course will equip students with the theories of demand, supply and market equilibrium from the point of view of individual economic agents. The course offers knowledge of utilitarian and non-utilitarian analysis of consumer behaviour in the economy. The students will be introduced to the theory of the firm and the technological relationship that is embodied in production and cost functions. On the whole, the course lays the foundations for micro-economic analyses of economic and social problems.

Main Topics

Principles of Demand, Supply and Market Equilibrium: Relationships between prices and quantities and the general laws of demand and supply in market; the analysis of demand-supply in the market in a comparative static framework and the theory of equilibrium.

Theory of Consumer Behaviour: The individual consumer's behaviour in the market; Consumer preferences, utility functions, indifference curves and the consumer's budget; the consumer's optimization exercise; Substitution and income effects. Non-utilitarian approaches - Revealed Preference.

Production and Theory of the Firm: Technological relationships between inputs, isoquants and the use of production functions in firm operations; the concept of short-run and long-run cost curves and the optimization of profits and costs in firm production.

Suggested Readings:

Varian, Hal R. *Intermediate Microeconomics: A Modern Approach*, W W Norton and Company

R.S.Pindyck, D.L.Rubinfeld and P.L.Mehta: *Microeconomics*, Pearson Education, 7th Edition