

COMMON POOL OF GENERIC ELECTIVES (GE) COURSES

GENERIC ELECTIVES (GE-1): PRINCIPLES OF MICROECONOMICS I

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Semester	Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course
			Lecture	Tutorial	Practical/ Practice		
I/III/V/VII	Principles of Microeconomics I ECON025	4	3	1	0	Class XII pass	NIL

Learning Objectives

The Learning Objectives of this course are as follows:

- This course discusses the basic principles in Microeconomics and their applications. It includes consumer's problem, demand estimation, production function, cost functions and market analysis. It illustrates how the concepts of microeconomics can be applied to analyze real-life economics situations.

Learning outcomes

The Learning Outcomes of this course are as follows:

- The student learns some basic principles of microeconomics of consumer and producers, and interactions of supply and demand, characteristics of perfect competition, efficiency and welfare outcomes.

SYLLABUS OF GE-1

UNIT – I: Introduction (12 hours)

Problem of scarcity and choice: scarcity, choice and opportunity cost; production possibility frontier; economic systems. Demand and supply: law of demand, determinants of demand, shifts of demand versus movements along a demand curve, market demand, law of supply, determinants of supply, shifts of supply versus movements along a supply curve, market supply, market equilibrium. Applications of demand and supply: price rationing, price floors, consumer surplus, producer surplus. Elasticity: price elasticity of demand, calculating elasticity, determinants of price elasticity, other elasticities

UNIT – II: Consumer Theory (12 hours)

Budget constraint, concept of utility, diminishing marginal utility, Diamond-water paradox, income and substitution effects; consumer choice: indifference curves, derivation of demand curve from indifference curve and budget constraint

UNIT – III: Production and Costs (12 hours)

Production: behaviour of profit maximising firms, production process, production functions, law of variable proportions, choice of technology, isoquant and isocostlines, cost minimizing equilibrium condition

Costs: costs in the short run, costs in the long run, revenue and profit maximization, minimizing losses, short run industry supply curve, economies and dis- economies of scale, long run adjustments

UNIT – IV: Perfect Competition (09 hours)

Assumptions: theory of a firm under perfect competition, demand and revenue; equilibrium of the firm in the short run and long run; Long run industry supply curve: increasing, decreasing and constant cost industries.

Welfare: allocative efficiency under perfect competition.

Practical component (if any) - NIL

Essential/recommended readings

- Mankiw,N.G.(2018).*PrinciplesofMicroeconomics*8thed.
- Frank, R. H., & Cartwright, E. (2010). *Microeconomics and behavior*. New York: McGraw-Hill.
- Bernheim,B.,Whinston,M.(2009).*Microeconomics*.TataMcGraw-Hill.

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.