



Faculty of: **Commerce**  
 Course: **Bachelor of Commerce**  
 Semester: **I**  
 Subject Code: **4CO01BME1**  
 Subject Name: **Micro Economics**

Sr. No	Branch Code	Subject Code	Subject Name	Teaching hours/ Week			Credit hours	Credit Points	Evaluation Scheme/ Semester								Total			
				Th	Tu	Pr			Theory				Practical							
									Internal Assessment		End Semester Exams		Internal Assessment		End Semester Exams					
									Marks	Duration	Marks	Duration	Marks	Duration	Marks	Duration				
4	7	4CO01BME1	Micro Economics	4	2	0	6	5	10	SE	1 Hr.	80	2½	10	CE	0	0	0	0	100

### SCOPE:

Helps to study how the prices of goods and services are determined in the market and analyses individual consumer's and firm's market behavior

### OBJECTIVES:

The objective of the course is to acquaint the students with the concepts of microeconomics dealing with consumer behavior. The course also makes the student understand the supply side of the market through the production and cost behavior of firms.

## COURSE CONTENTS

### Unit I - Demand and Consumer Behaviour

**13Hrs.**

- Concepts of revenue: marginal and Average: Revenue under conditions of Perfect and imperfect competition Elasticity of demand: price, income and cross.
- Consumer Behaviour: Indifference curve analysis of consumer behavior; Consumer's equilibrium (necessary and sufficient conditions). Price elasticity and price consumption curve, income consumption curve and Engel curve, price change and income and substitution effects. Indifference curves as an analytical tool (cash subsidy v/s. kind subsidy). Revealed Preference Theory.

### Unit II- Production and Cost

**13Hrs.**

- Production isoquants, marginal rate of technical substitution, economic region of production, optimal combination of resources, the expansion path, isoclines, returns to scale using isoquants.

- Cost of Production: Social and private costs of production, long run and short run costs of production. Economies and diseconomies of scale and the shape to the long run average cost. Learning curve and economies of scope.

### **Unit III- Perfect Competition**

**13Hrs.**

- Perfect competition: Assumptions. Equilibrium of the firm and the industry in the short and the long runs, including industry's long run supply curve.
- Measuring producer surplus under perfect competition. Stability Analysis – Walrasian and Marshallian. Demand - supply analysis including impact of taxes and subsidy.

### **Unit -IV Monopoly**

**10 Hrs.**

- Monopoly: Monopoly short run and long run equilibrium. Shifts in demand curve and the absence of the supply curve. Measurement of monopoly power and the rule of thumb for pricing. Horizontal and vertical integration of firms. The social costs of monopoly power including deadweight loss. Degrees of price discrimination.

### **Unit V- Imperfect Competition**

**16 Hrs.**

- Monopolistic Competition and Oligopoly: Monopolistic competition price and output decision-equilibrium.
- Monopolistic Competition and economic efficiency Oligopoly and Interdependence – Cournot's duopoly model, Stackelberg model, Kinked demand model. Prisoner's dilemma, collusive oligopoly – price-leadership model – dominant firm, cartels, sales maximization, Contestable markets theory. Pricing Public Utilities.

### **REFERENCE BOOKS:**

1. Pindyck, R.S., D. L. Rubinfeld and P. L. Mehta; *Microeconomics*, Pearson Education.
2. N. Gregory Mankiw, *Principles of Micro Economics*, Cengage Learning
3. Maddala G.S. and E. Miller; *Microeconomics: Theory and Applications*, McGraw-Hill Education.
4. Salvatore, D. *Schaum's Outline: Microeconomic Theory*, McGraw-Hill, Education.
5. Case and Fair, *Principles of Micro Economics*, Pearson Education
6. Koutsiyannis, *Modern Micro Economic Theory*.
7. C Snyder, *Microeconomic Theory: Basic Principles and Extensions*, Cengage Learning
8. Bilas, Richard A., *Microeconomics Theory: A Graphical Analysis*, McGraw-Hill Education.
9. Paul A Samuelson, William D Nordhaus, *Microeconomics*, McGraw-Hill Education.
10. Amit Sachdeva, *Micro Economics*, Kusum Lata Publishers

### **NPTEL COURSE (<https://nptel.ac.in/>):**

1. Micro Economics by Prof. Deep Mukerjee  
<https://nptel.ac.in/courses/110104093>