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Integrated Economics III Sem

Integrated Economics, Semester: III
Course Title: Intermediate Microeconomics – I
Course Code: IGECO-C301 **Credits: 06**

Course Description

The course is designed to provide a sound training in microeconomic theory to formally analyze the behaviour of individual agents. Since students are already familiar with the quantitative techniques in the previous semesters, mathematical tools are used to facilitate understanding of the basic concepts. This course looks at the behaviour of the consumer and the producer and also covers the behaviour of a competitive firm.s

Course Outline

Unit 1. Consumer Theory-I

Preferences: indifference curves and examples of preferences; Utility: cardinal and ordinal utility, utility functions; Budget constraint; Choice: utility maximization and optimal choice; Demand: normal and inferior goods, income offer curves and Engel curves, price offer curve and demand curve;

Unit 2. Consumer Theory-II

Slutsky equation: substitution effect and income effect, ordinary demand curve and compensated demand curve; Revealed preference; Decision making under uncertainty.

Unit 3. Theory of Production and Costs

Production function; isoquants; production with one and more variable inputs; Examples of production function; returns to scale; Economic versus accounting costs; Traditional cost theory- short run and long run costs.

Unit 4. Perfect Competition

Basic assumptions; Profit maximization; Equilibrium of a firm and industry in short-run and long-run; Industry's long-run supply curve; Effects of a tax.

Unit 5: Tutorial 1

- a) Group discussion: different topics related to course content
- b) Presentations: different topics related to course content
- c) Class test

Unit 6: Tutorial 2

- a) Home Assignment
- b) Viva Voce

Readings:

1. Hal R. Varian, *Intermediate Microeconomics, A Modern Approach*, W.W. Norton and Company/Affiliated East-West Press (India), 8th edition, 2010. The workbook by Varian and Bergstrom may be used for problems.
2. C. Snyder and W. Nicholson, *Fundamentals of Microeconomics*, Cengage Learning (India), 2010.
3. B. Douglas Bernheim and Michael D. Whinston, *Microeconomics*, Tata McGraw- Hill (India), 2009.

4. Robert S. Pindyck, Daniel L. Rubinfeld and Prem L. Mehta; Microeconomics, Pearson
5. N.Gregory Mankiw, *Principles of Microeconomics*, Cengage Learning