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Integrated Economics, Semester I
Core Economics Course 1: INTRODUCTORY MICROECONOMICS
Course Code: IGECO17C11
Credits: 06

Course Description

This course is designed to expose the students to the basic principles of microeconomic theory. The emphasis will be on thinking like an economist and the course will illustrate how microeconomic concepts can be applied to analyze real-life situations.

Course Outline

Unit 1. Subject matter and scope of Economics

Why study economics? Scope and method of economics; the economic problem: scarcity and choice; the question of what to produce, how to produce and how to distribute output; science of economics; the basic competitive model; economic systems; reading and working with graphs.

Unit 2. Supply and Demand: How Markets Work, Markets and Welfare

Markets and competition; determinants of individual demand/supply; demand/supply schedule and demand/supply curve; market versus individual demand/supply; shifts in the demand/supply curve, demand and supply together; how prices allocate resources; elasticity and its application: controls on prices, taxes and the costs of taxation; consumer surplus; producer surplus and the efficiency of the markets.

Unit 3. Consumer Behaviour: The Households

The consumption decision - budget constraint, consumption and income/price changes, demand for all other goods and price changes; description of preferences (representing preferences with indifference curves); properties of indifference curves; consumer's optimum choice; income and substitution effects.

Unit 4. The Firm and Market Structure

- a) Behaviour of profit maximizing firms and the production process; short run costs and output decisions; costs and output in the long run. Monopoly and anti-trust policy; government policies towards competition; imperfect competition.
- b) Input Markets: Labour and land markets - basic concepts (derived demand, productivity of an input, marginal productivity of labour, marginal revenue product); demand for labour; input demand curves; shifts in input demand curves.

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. Karl E. Case and Ray C. Fair, *Principles of Economics*, Pearson Education Inc., 8th Edition, 2007.
2. N. Gregory Mankiw, *Economics: Principles and Applications*, India edition by South Western, a part of Cengage Learning, Cengage Learning India Private Limited, 4th edition, 2007.
3. Joseph E. Stiglitz and Carl E. Walsh, *Economics*, W.W. Norton & Company, Inc., New York, International Student Edition, 4th Edition, 2007.