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**Course Outline**

**Principles of Microeconomics**

**Course Instructor: Dr. Nazia Nazeer**

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**Marks Distribution**

Mid 1: (15%)

Mid2: (15%)

Finals: (40%)

Assignment: (30 %)

**Course Description:** This course conceives the fundamental of Micro Economics. It assures no previous knowledge of economics to non-economics student and outlines some basic concepts necessary for further study in all areas of economics.

**Learning Objectives**:

After finishing this course you will be able to;

• Identify and outline the principles underpinning the theory of the firm or the concept of market structures

• To understand the concepts of the market - demand, supply and equilibrium and the principles underlying consumer demand

• Imperfect and Perfect Competition of Markets.

**General Guidelines for the Course:**

* All FAST rules and basic etiquettes of class decorum apply.
* As per the FAST rules late comers will not be allowed to enter the class.
* The exams will be conducted as per the rules set by FAST.
* Cell phones or any type of signaling device are to be kept silent during the entire time of the class.
* It is expected that your conduct in class shows respect to everyone in all possible ways.

**Course Structure**

**1. Introduction**

* Definition & importance of economics
* Micro and Macro Economics
* The Economic Prospective
* Scarcity and choices Trade-offs and decision making
* Theory ,Principles and models
* Positive versus normative
* The production Possibility Curve

**2. The Market System**

* Market system
* Fundamental issues
* The invisible hand
* The circular flow Model

**3. Demand, Supply, and Market Equilibrium**

* The Basics of Demand and Supply
* Market equilibrium
* Price regulations (Ceiling, Flooring)

**4. Elasticity, Consumer Surplus, and Producer Surplus**

* Elasticity of Demand and Su[ply
* Price Elasticity of Demand and Supply
* Determents and application of Elasticity of Demand and Supply
* The Total Revenue Test
* Consumer Surplus
* Producer Surplus

**5. Consumer Theory**

* Introduction to Consumer Theory
* Consumer Preferences
* Budget Constraint
* Consumer Demand
* Utility Theory

**6. The Costs of Production**

* Implicit and explicit cost
* The Short Run and the Long Run Production Costs
* Other costs (TC, FC, VC, AC, MC, AFC, AVC)

**7. Market competition**

a) Perfect competition

* Perfectly Competitive Markets: Characteristics
* Competition under short run and long run
* Total v/s marginal /average approach
* Shut down condition

b) Imperfect competition

* Monopoly
* Oligopoly
* Monopolistic competition

**8. Public Goods and Externalities**

* Introduction
* Public goods
* Externalities
* Government Role

**Recommended Books**:

* Microeconomics (8th edition) by Jeffrey M. Perloff
* Principles of Microeconomics (7 th edition) by N. Gregory Mankiw
* Principles of Microeconomics, (12th edition) by Karl E Case, Ray C Fair