

Stat-115: Principles of Economics-I

50 Marks: 02 Credits

Number of Class: 20-26

Scope and Methods of Economics: What is Economics? Scarcity, Choice, Tradeoff and Efficiency, Production Possibility Frontier, Major Economic Problems.

Demand, Supply and Price: Determinants of Demand and Supply, Laws of Demand and Supply, Movements along and Shift of Demand and Supply Curves, Equilibrium Price and Quantity, Concept of Elasticity of Demand and Supply.

Utility and Preferences (Indifference Curve):

Utility: Concept of Utility, Cardinal and Ordinal Utility, Law of Diminishing Marginal Utility, Principle of Equi-Marginal Utility per Unit of Money Spent, Paradox of Thrift.

Indifference Curve: Indifference Curve and its Characteristics, Budget Line, Substitution Effect, Income Effect and Price Effect.

Cost-Output Relationship: Concept of Short-run and Long-run, Average, Marginal and Total Product, Relationship between AP and MP, Law of Diminishing Marginal Returns, Variable Cost, Fixed Cost and Total Cost, Returns to Scale, Relationship between AC and MC.

Perfect Competition Market: Features of Perfect Competition Market, Marginal Analysis of a Firm, Short-run and Long-run Supply Curve of a Firm, Profit Outcomes in the Short-run and Long-run, Breakeven and Shutdown Point, Efficiency of Competition.

Imperfect Competition Market: Features of Monopoly, Monopolistic Competition, and Oligopoly, Price Settings Strategies of Monopoly, Price Discrimination and its Types, Monopoly's Output and Price, Dead Weight Loss.

Text

1. Parkin, M (2003): *Microeconomics*, 6th edition, Pearson Education Inc., Australia.

References

1. Mankiw, N. G. (2001): *Principles of Microeconomics*, Latest edition, Worth Publication.
2. Salvator, D.
3. Samuelson, P. A. and Nordhaus, W. D. (2001): *Economics*, 17th edition, McGraw-Hill, New York.