

SEMESTER – I :: COURSE - I
MICROECONOMIC ANALYSIS
NO. OF CREDITS: 4

LEARNING OUTCOMES FOR THE COURSE

At the end of the course, the student is expected to demonstrate the following cognitive abilities and psychomotor skills.

1. Remembers and states in a systematic way (Knowledge)
 - a. the differences between microeconomic analysis and macroeconomic analysis
 - b. various laws and principles of microeconomic theory under consumption,
2. Explains (understanding)
 - a. various terms and concepts relating to microeconomic analysis with the help of examples of real life
 - b. consumer's equilibrium and consumer's surplus using indifference curve analysis.
 - c. various laws and principles of consumption, production, and income distribution
 - d. determination of price and output discriminating different market conditions in short term and long term
3. Critically examines using data and figures (analysis and evaluation)
 - a. various laws and principles of microeconomic analysis and market conditions
 - b. application of the concept of demand elasticity and its relation with Average and Marginal Revenue
 - c. the relationship between average and marginal cost/revenue both in long term and
4. Draws critical diagrams and graphs to explain and examine the application of various laws and principles of microeconomic analysis

Module-1: Economic Analysis and Methodology

Scarcity and Choice as fundamental problems of economics - Opportunity Cost - Production

Possibilities Curve - Micro and Macro Analysis - Micro economic analysis – Scope and Importance -Principles of Microeconomics : Allocation of Resources - Optimization, Equilibrium and Marginal analysis -Rationality Principle the concept of Welfare

Module -2: Theory of Consumption

Concept of Demand -Factors determining demand - Law of Demand - reasons and exceptions - Elasticity of Demand -Cardinal and Ordinal utility - Indifference Curve analysis

: Properties of Indifference curves, Indifference Curve Map -Marginal Rate of Substitution -

Budget Line - Changes -Consumer Equilibrium under Indifference Curve Analysis – Consumers' Surplus and Indifference Curve Analysis

Module -3: Theory of Production

Concept and Objectives of Firm - Production Function : Cobb- Douglas Production Function

-Law of Variable Proportions -Laws of Returns to Scale - Economies of large scale - Concepts of Cost - Total, Average and Marginal Costs - Law of Supply - Concept of Revenue : Total, Average and Marginal Revenues - Relation between Average and Marginal

Revenues and elasticity of Supply

Module-4: Theory of Exchange

Concepts of Market : Criteria for Classification of Markets - Perfect Competition– Conditions, Price and Output determination ; Monopoly : Conditions, Price and Output Determination - Price Discrimination; Monopolistic Competition - Assumptions - Price and output determination - Selling Costs ; Oligopoly -Types- Kinky demand curve and Price rigidity

Module - 5: Theory of Distribution

The concepts of Functional and Personal Distribution of Income - Marginal Productivity

Theory of Distribution - Modern Theory of Distribution -Concept of Rent - Ricardian Theory of Rent – Marshall’s concepts of Economic Rent and Quasi Rent; Theories of Wage

Determination: Subsistence Theory and Standard of Living Theory - Modern Theory of Wages; Classical Theory of Interest -Loanable Funds Theory of Interest -Liquidity Preference Theory of Interest; Theories of Profit: Risk and Uncertainty, Dynamic and Innovations Theories.**Reference Books:**

1. A. Koutsoyiannis, *Modern Microeconomics* – Macmillan, London.
2. A. W. Stonier and D.C. Hague, *A Text book of Economic Theory* - ELBS & Longman Group, London.
3. H. L. Ahuja, *Advanced Economic Theory*, S. Chand, 2004.
4. P. N. Chopra, *Principles of Economics*, Kalyani Publishers, Ludhiana, 2018.
5. H.S. Agarwal: *Principles of Economics*.
6. P.A Samuelson & W.D. Nordhaus - *Macroeconomics*, Tata McGraw Hill, 18/e, 2005
7. M. L. Seth, *Microeconomics*, Lakshmi Narayan Agarwal, 2006.
8. D.M. Mithani & G.K. Murthy, *Fundamentals of Business Economics*, Himalaya Publishing, 2007.
9. *Telugu Academi Publications on Microeconomics*.
10. *Microeconomics*, Spectrum Publishing House, Hyderabad, 2017.

Recommended Co-curricular Activities:

1. Assignments and Student Seminars on themes of critical appreciation of microeconomic theory and relevant issues of current importance in Indian and AP economies
2. Quiz testing the understanding and application of various microeconomic concepts and theories
3. Group Study projects on the trends in the demand, supply and prices of goods and services in the local markets
4. Survey and analysis of data published in the Economic Survey of GOI and the Socio economic survey of the State Government relevant to microeconomic aspects. (Assignments preferably for all students in each semester. In respect of others, as far as possible, all students shall participate in each of the co-curricular activity by the end of fourth semester, @ roughly a fourth of total students in each semester)