

Jamia Millia Islamia
Department of Economics
Four Year Undergraduate Programme (FYUP)
(w.e.f. 2024-25)

Title: Principles of Microeconomics	
Type of course: Minor	Code: 24-ECO-M-102
Semester: I	Credits: 4

Introduction to the Course: This introductory microeconomics course is designed to offer the students with understanding fundamental principles which govern the behaviour of individual economic agents. Students will be able to understand the how individuals make decision to maximise their objective subject to resource constraints. This course also offers the students the functioning of Markets. This course also sheds light into role of price in allocation of resources.

Course Objectives:

1. To provide students with a robust foundation in the fundamental principles of supply and demand, both at the individual and firm levels.
2. This course also intends to build an understanding of how changing prices affect social welfare.
3. Through theoretical exploration and applications, students will gain insight into behaviour of agents in the economy, enabling them to analyse and understand economic activities.

Learning Outcome:

1. Students will acquire necessary knowledge and skills for translating the preferences of economic agents into demand and supply curves.
2. Students will also grasp the mechanism of attaining individual and market equilibriums and gain insight into the different market structures
3. Skills learned during this course will equip students to effectively participate in other courses of economics.

Unit- 1: Basic Concepts in Economics

Nature and scope of economics, opportunity cost, scarcity, production possibility frontier; Market as a system to allocate available resources in the economy, welfare state; Microeconomics-vs-macroeconomics.

Demand function, demand curve and demand schedule; law of demand, determinants of individual demand; market versus individual demand schedule; extension and contraction of demand, shifts in the demand curve.

Supply function, supply schedule and supply curve, determinants of supply; market versus individual supply; extension and contraction of supply, shifts in the supply curve.

Consumer and producer surplus, concepts of elasticity of demand; factors affecting elasticity of demand; elasticity of supply, elasticity and revenue.

Unit- 2: Consumer and Producer Theory

Consumer Theory: Cardinal and ordinal measures of utility, utility function, total utility, marginal utility, law of diminishing marginal utility, water-diamond paradox, budget

constraint, consumption and income/price changes, demand for all other goods and price changes; consumer's optimum choice.

Producer Theory: Production function, total, marginal, and average products; law of variable proportion, production isoquants, return to scale using isoquants, economic region of production. Cost of Production: Long run and short run costs of production, various cost concepts and shape of their curves; short run costs and output decisions; equilibrium of the firm.

Unit-3: Markets

Perfect competition: Assumptions, equilibrium of the firm and the industry in the short and the long runs, including industry's long run supply curve.

Monopoly: Significance and features of monopoly, price and output under monopoly.

Readings:

1. Krugman, P. R., & Wells, R. (2009). *Economics*. Macmillan.
2. Mankiw, N. G. (2018). *Principles of Microeconomics*, Eighth Edition, Cengage Learning.
3. Pindyck, R. S., & Rubinfeld, D. L. (2008). *Microeconomics*, Eighth Edition. Pearson Education.
4. Browning, E.K. and Zupan, M.A. (2015) *Microeconomic: Theory & Applications*. Wiley
5. Case, K. Ray Fair, & Sharon Oster, (2017), *Principles of Microeconomics*, Global Edition. Pearson Education
6. Lipsey, R. and Chrystal, A. (2020). *Economics*, Fourteen Edition. Oxford University Press.
7. Salvatore, D. (2006). *Schaum's Outline of of Microeconomic Theory*, McGraw-Hill, Fourth Edition.
8. Goodwin, N., Harris, J. M., Nelson, J. A., Rajkarnikar, P. J., Roach, B., & Torras, M. (2022). *Microeconomics in context*. Routledge, Fifth Edition.

Optional Readings:

1. Janssen, M., Knuuttila, T., & Morgan, M. S. (2024). Insider apology for microeconomic theorising?. *Journal of Economic Methodology*, 1-12.
2. Armstrong, W. E. (1950). A note on the theory of consumer's behaviour. *Oxford Economic Papers*, 2(1), 119-122.