

SVKM's Narsee Monjee College of Commerce & Economics

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| Program: Bachelor of Commerce (Economics) | | | | Semester: I | |
| Course: Introductory Microeconomics Academic Year: 2023-24 Batch: 2023-27 | | | | Code: | |
| Teaching Scheme | | | | Evaluation Scheme | |
| Lectures | Practicals | Tutorials | Credits | Internal Continuous Assessment (ICA) (weightage) | Term End Examinations (TEE) (weightage) |
| 45 | Nil | Nil | 03 | 40 | 60 |
| Learning Objectives: | | | | | |
| <ol style="list-style-type: none"> To understand the concepts of microeconomics dealing with consumer and producer behavior. To explain the implications of government intervention in markets. To understand applications of economic theory and use of economic concepts as tools for formulation of economic policy and to explain different economic events. To apply economic concepts in understanding economic efficiency in resource allocation and welfare. To understand the relation between inputs and output of a firm and its application in choice of optimum combination of inputs. To understand the cost-output relations and its impact on decisions of quantity to be produced and supplied. | | | | | |
| Learning Outcomes: | | | | | |
| At the end of the course, the students should be able to: | | | | | |
| <ol style="list-style-type: none"> Evaluate the effects of government intervention in markets using economic concepts as tools Explain paradoxical economic situations Measure economic welfare and assess the reasons for changes therein Conduct cost-benefit analysis for a policy decision or pricing strategy Understand and differentiate between short run and long run input-output relations Understand and differentiate between short run and long run cost-output relations Identify least-cost combination of factors and optimum resource use by business firms | | | | | |
| Pedagogy: Classroom Learning, problem solving, case studies, peer teaching, role play, projects or assignments. | | | | | |
| Detailed Syllabus: (per session plan) | | | | | |
| Session Outline For Introductory Microeconomics | | | | | |
| Each lecture session would be of one hour duration (45 sessions) | | | | | |

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| Module | Module Content | Module Wise Pedagogy Used | Module Wise Duration | Module Wise Reference Books |
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| I | <p><u>Introduction</u></p> <ul style="list-style-type: none"> • What is microeconomics? Scope and method of economics; the economic problem: scarcity and choice; the concept of opportunity cost; the question of what to produce, how to produce and how to distribute output; • Basics of market equilibrium: Market Demand-meaning, factors affecting demand, market demand curve. Market Supply- meaning, factors affecting supply, Market Supply curve. Market Equilibrium and changes due to shifts in market demand and market supply. • Elasticity of Demand: meaning, types: price, income, cross and promotional, various methods of measurement- point and arc methods, percentage method, mid-point method, total outlay method, geometric method, etc. (Basic knowledge in Economics-not for evaluation) • Theoretical and practical applications/significance of elasticity of demand. Poverty amidst plenty, crop restriction programme to raise farmers' income, fight against drugs, incidence of indirect taxes, etc. | Class room lectures | 12 | Ahuja HL, Microeconomics S.Chand Publications |
| II | <p><u>Consumer and Producer Surplus</u></p> <ul style="list-style-type: none"> • Consumer Preferences. Assumptions about Preferences. Indifference Curves, Examples of Preferences, Perfect Substitutes, Perfect Complements • Bads • Neutrals • Satiation • Discrete Goods • Well-Behaved Preferences. The Marginal Rate of Substitution , Other Interpretations of the MRS. Consumer equilibrium using the tools of Indifference curve and budget line. • Analyzing Income and substitution effect using Indifference curve. • Consumer Surplus: meaning, measurement, change in consumer surplus. Producer Surplus: meaning and measurement. • Applications of producer and consumer surplus: Evaluating loss of benefit from tax, Evaluating gain from subsidy and Efficiency cost of tax. | Class room lectures | 11 | Hal R. Varian Intermediate Microeconomics, Eighth Edition |

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| III | <p><u>Theory of Production</u></p> <ul style="list-style-type: none"> • Production function- meaning and types. • Short run Production function- Law of Variable Proportions- concepts, stages and causes. Stage of operation, applicability and impact of technological progress on diminishing returns. • Long run Production function- Isoquants and – meaning and properties, Marginal Rate of Technical Substitution. Economic region of production. Iso-cost line/ Isoclines- meaning and slope. • Producer's Equilibrium- maximization of output and minimization of cost. Scale Line/ Expansion Path. Law of Returns to Scale- stages and causes. | Class room lectures | 12 | Ahuja HL, Microeconomics S.Chand Publications |
| IV | <p><u>Cost Analysis</u></p> <ul style="list-style-type: none"> • Cost concepts: Opportunity cost, implicit and explicit costs, accounting and economic costs, sunk and incremental costs, historical and replacement costs, private and social costs, fixed and variable cost, total cost, total fixed cost, total variable cost, average cost, average fixed cost, average variable cost, marginal cost. • Short cost curves: TFC, TVC, TC, AFC, AVC, ATC, SMC - behavior and inter-relationship. • Long run cost curves- derivation of LAC and LMC curves- behavior and inter-relationship. • Concept of L-shaped LAC curve and its critical evaluation. • Economies and diseconomies of scale: meaning, types: Internal and External and their impact on cost, • Learning Curve: meaning and its impact on cost. | Class room lectures | 10 | Ahuja HL, Microeconomics S.Chand Publications |

Reference Books:

| Title | Author(s) | Publisher |
|-------------------------|----------------------------------|------------------------------|
| Principles of Economics | Frank Robert.H, Bernanke. Ben S. | Tata McGraw Hill |
| Principles of Economics | Gregory Mankiw. | Thomson South western |
| Economics | Samuelson & Nordhas. | Tata McGraw Hills, New Delhi |

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| Managerial Economics cases and concepts | Pal Sumitra | Macmillan, New Delhi |
| Managerial Economics – Analysis, Problem and Cases | Mehta, P.L | S. Chand & Sons, N. Delhi |
| Managerial Economics | Hirchey .M. | Thomson South western |
| Managerial Economics in a global economy | Salvatore, D. | Thomson South Western Singapore |
| Modern Microeconomics: Theory and Applications | Ahuja HL | S Chand & Co |
| Economics | Lipsey and Chrystal | Oxford University Press |

Note: Latest edition of text book may be used.

Evaluation Pattern

Courses carrying 3 or 4 credits shall be evaluated for total of 100 marks, which means 60 marks Semester End Examination and 40 marks for Internal Continuous Assessment.

- a. For Internal Continuous Assessment, there shall be three tests of 10 marks each held at regular intervals during the semester. These tests may be conducted either in online mode or as a pen paper test. Total of marks obtained at best of two out of three tests shall be considered as final marks.

The other component for 20 marks shall be chosen by the department. This can be a project/ assignment/ field study/ seminar/group discussion and so on.

- b. For Semester End Examination, the question paper pattern shall be as follows:

Maximum Marks: 60

Duration: Two hours

All questions are compulsory. There will be 4 questions carrying 15 marks each.

Q. 1 Answer any two out of three (Module 1) (15 marks)

Q. 2 Answer any two out of three (Module 2) (15 marks)

Q. 3 Answer any two out of three (Module 3). (15 marks)

Q. 4 Answer any two out of three (Module 4) (15 marks)

Note: 1or 2 sub questions (upto15 marks) will be application-based questions/case study