

# CLUSTER UNIVERSITY SRINAGAR

Department of Economics

UG- Ist Semester (NEP)

Subject: - Economics

Course Title: **Introductory Microeconomics**

(Major) Total Credits: 04 (Theory: 03, Tutorial/Practical 01)

Course Code:

**Objectives:** Primary objective of the course is to familiarize students with the basic principles of microeconomics. This is being done to lay a foundation for more advanced courses in microeconomics in subsequent semesters. Those students who seek an exit after one year shall be able to apply microeconomic concepts to real life situations.

**Learning Outcomes:** After passing this course, a student is expected to:

- LO1: Understand the basic concepts in microeconomic theory.
- LO2: Understand the basic framework of markets and be able to calculate different types of elasticities.
- LO3: Understand production theory and be able to interpret revenue and cost functions of a firm.

Unit I.	<b>Introduction</b> Scope and method of economics; Microeconomics vs Macroeconomics; Central problems of an economy; Scarcity and choice; Circular flow diagram; Concept of opportunity cost; Production possibility frontier; Economic systems; Graphing-Curves in the coordinate system.
Unit II.	<b>Supply and Demand</b> Demand /Supply schedule and demand/Supply curve; Determinants of individual demand/supply; market vs individual demand/supply curve; shifts in demand/supply curve; Elasticity of demand and supply; Types and measurement of elasticity of demand; Factors effecting elasticity of demand; Applications of elasticity
Unit III.	<b>Theory of production, costs and revenue</b> Production function-Short-run and Long-run; Law of variable proportions; Laws of returns to scale; Isoquants- Concept, types and properties; Iso-cost line; Producer's equilibrium- Cost minimizing combination of inputs; Costs- Concept and types; Short-run and long-run cost curves; Revenue- Total, average and marginal revenue and their relationship; Total revenue and elasticity of demand.
Unit IV.	<b>Tutorials</b> Assignment/Group Discussions/Presentation/Quiz/Book Review/Field Survey (Followed by Viva-Voce) a) Use of single and two-variable graphs. b) Exercises on estimation of elasticities. c) Derivation of demand curves through market data. d) Case study on applications of elasticity.

**Suggested Readings:**

Samuelson, P. & Nordhaus, W (1985). Principles of Economics. McGraw-Hill, New York.  
Mankiw, N. Principles of Microeconomics, Latest edition, Cengage Learning.  
Salvatore, Dominick. Principles of Microeconomics, Oxford.  
Bernheim, B. Douglas, and Michael Dennis Winston. 2014. Microeconomics.  
Ahuja H.L. (2007), Advanced Economic Theory- Microeconomic Analysis, S.Chand and Company Ltd.22