

Semester	I
Paper Number	HECCR1011T
Paper Title	INTRODUCTORY MICROECONOMICS
No. of Credits	6
Theory/Composite	Theory
No. of periods assigned	5 Theory + 1 Tutorial
Course description/objective	This course is designed to expose the students to the basic principles of microeconomic theory. The emphasis will be on thinking like an economist and the course will illustrate how microeconomic concepts can be applied to analyze real-life situations.
Syllabus	<p><b>Module 1 (40 marks)</b></p> <p><b>1. Exploring the subject matter of Economics</b> Why study economics? Scope and method of economics; the economic problem: scarcity and choice; the question of what to produce, how to produce and how to distribute output; science of economics; the basic competitive model; prices, property rights and profits; incentives and information; rationing; opportunity sets; economic systems; reading and working with graphs.</p> <p><b>2. Supply and Demand: How Markets Work, Markets and Welfare</b> Markets and competition; determinants of individual demand/supply; demand/supply schedule and demand/supply curve; market versus individual demand/supply; shifts in the demand/supply curve, demand and supply together; how prices allocate resources; elasticity and its application; controls on prices; taxes and the costs of taxation; consumer surplus; producer surplus and the efficiency of the markets.</p> <p><b>3. The Households</b> The consumption decision - budget constraint, consumption and income/price changes, demand for all other goods and price changes; description of preferences (representing preferences with indifference curves); properties of indifference curves; consumer's optimum choice; income and substitution effects; labour supply and savings decision -choice between leisure and consumption.</p> <p><b>Number of Classes per week: 3</b></p> <hr/> <p><b>Module 2 (40 marks)</b></p> <p><b>4. The Firm and Perfect Market Structure</b> Behaviour of profit maximizing firms and the production process; short run costs and output decisions; costs and output in the long run.</p> <p><b>5. Imperfect Market Structure</b> Monopoly and anti-trust policy; government policies towards competition; imperfect competition.</p>

	<p><b>6. Input Markets</b>  Labour and land markets - basic concepts (derived demand, productivity of an input, marginal productivity of labour, marginal revenue product); demand for labour; input demand curves; shifts in input demand curves; competitive labour markets; and labour markets and public policy.</p> <p><b>Number of Classes per week: 2</b></p> <hr/> <p><b>Tutorial Class per week: 1</b></p>			
Readings	<p>1. Karl E. Case and Ray C. Fair, <i>Principles of Economics</i>, Pearson Education Inc., 8<sup>th</sup> Edition, 2007.  2. N. Gregory Mankiw, <i>Economics: Principles and Applications</i>, India edition by South Western, a part of Cengage Learning, Cengage Learning India Private Limited, 4<sup>th</sup> edition, 2007.  3. Joseph E. Stiglitz and Carl E. Walsh, <i>Economics</i>, W.W. Norton &amp; Company, Inc., New York, International Student Edition, 4<sup>th</sup> Edition, 2007.</p>			
Evaluation	<p>Continuous Internal Assessment: 20 marks  End- Semester Theory Examination: 80 marks</p>			
Paper Structure for End Sem Theory	Module	No. of Questions to be Answered	No. of Alternatives	Marks
	Module 1	2	3	5 x 2 = 10
		2	3	15 x 2 = 30
	Module 2	2	3	5 x 2 = 10
		2	3	15 x 2 = 30
	Total Marks			80