



**PARVATHANENI BRAHMAYYA  
SIDDHARTHA COLLEGE OF ARTS & SCIENCE**

*Autonomous*

Siddhartha Nagar, Vijayawada-520010

*Re-accredited at 'A+' by the NAAC*

**23ECMAL121: Micro Economics**

**Offered to:** B.A. Honours (Economics)

**Course Type:** Major 3 (Core -TH)

**Year of Introduction:** 2023-24

**Year of offering:** 2023 - 2024

**Semester:** II

75 Hrs.

**Credits:** 4

**Course Objective:**

This course is to learn about basic concepts, principles and theories in Micro economics to understand the economic behavior of an individual person and firm.

**Course Learning Outcomes:**

After studying this course, the student shall be able to achieve the following outcomes:

Course Outcome NO	Outcome	Mapping to
CO1	Explain what is an economy, economics and differentiate between micro and macroeconomics	
CO2	Analyses the demand of a product and estimate elasticity	
CO3	Estimate production function and understand its application	
CO4	Analyze functioning of different markets and their differentiations	
CO5	Examine the determination of rent, wage, interest and profit	

CO-PO MATRIX							
COURSE CODE	CO-PO	PO1	PO2	PO3	PO4	PO5	PO6
23ECMAL121	CO1	0	1	0	0	0	0
	CO2	0	1	0	0	0	0
	CO3	0	1	0	0	0	0
	CO4	0	2	0	0	0	0
	CO5	0	1	0	0	0	0

**Unit-1: Introduction to Economics**

15L

- Economic Activities and Economic System; Definition, Scope and Importance of Economics

- Fundamental problems of economics: Scarcity and Choice, Production Possibilities Curve
- Meaning and Scope of Microeconomics; Differences between Micro and Macro Economics
- Principles of Microeconomics: Equilibrium, Optimization, Welfare ; Methodology in Economics :Positive and Normative

### **Unit -2: Demand and Consumption**

**15L**

- Demand: Meaning, Types and Factors; Law of Demand
- Elasticity of Demand: Meaning, Price, Income and Cross Elasticities
- Utility: Meaning, Types, Importance; Marginal Rate of Substitution (MRS), DMRS
- Indifference Curves (IC): Concept, Properties; Budget Line; Consumer Equilibrium under IC

### **Unit -3: Production and Supply**

**15L**

- Firm: Concept and Objectives; Production and Factors of Production; Concepts of Production, Cost and Revenue: Total, Average, Marginal
- Production Function: Meaning and Types; Cobb- Douglas Production Function
- Law of Variable Proportions; Laws of Returns to Scale
- Supply: Meaning, Factors, Law of Supply, Elasticity of Supply

### **Unit-4: Markets and Price Strategy**

**15L**

- Market: Concept and Classification; Perfect Competition: Characteristics, Equilibrium of Firm and Industry
- Monopoly: Characteristics, Equilibrium, Price Discrimination
- Monopolistic Competition: Characteristics, Equilibrium, Selling Costs, excess capacity
- Oligopoly: Characteristics, Types, Kinked Demand Curve Model

### **Unit - 5: Distribution**

**15L**

- Distribution: Meaning, types and importance
- The Marginal productivity theory distribution
- Rent: Ricardian Theory of Rent, Marshallian Quasi Rent
- Theories of Wage: Subsistence Theory, Modern Theory
- Theories of Interest: Classical Theory, Loanable Funds Theory
- Keynes Liquidity preference theory of interest
- Theories of Profit: Risk and Uncertainty Theory, Innovations

### **Textbooks**

1. Microeconomic Analysis, Bilingual - Published APSCHE
2. Micro Economics - Telugu Academy

### **Reference book**

1. H. L. Ahuja, Advanced Economic Theory, S. Chand, 2004
2. P. N. Chopra, Principles of Economics, Kalyani Publishers, Ludhiana, 2018.

### **Activities:**

Unit-1: Group discussion on Identifying Surrounding Economic Activities

Unit-2: Project on Demand Analysis of any Good/Services and make presentation

Unit-3: Assignment on any production function or concepts of production

Unit-4: Field visit to any market and submission of a report

Unit-5: Seminar on distribution theories



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**23ECMAL121: Micro Economics**

**SEMESTER II**

**Max.Marks: 70**

**Maximum Time 3Hrs.**

**Section A**

Answer the following Questions. Each question Carries 4 Marks. 5 X 4 = 20Marks

- 1 (a) Explain production possibility curve? L1CO1  
OR  
(b) write about Normative Economics .L1CO1
- 2 (a) Exceptions of Law of Demand ?L1CO2  
OR  
(b) What is Budget Line? L1CO2
- 3 (a) What is production function ?L1CO3  
OR  
(b) Explain the Law of supply ?L1CO3
- 4 (a) What is classification of market's ?L2CO4  
OR  
(b) What are features of oligopoly?L2CO4
- 5 (a) Explain the quasi rent ?L1CO5  
OR  
(b) Explain the invasion theory of profits ?L1CO5

**Section B**

Answer the following Questions. Each question Carries 10 Marks. 5 X 10 = 50Marks

- 6 (a) Critical examine Robbins' definition of scarcity of definition to Economics .L1CO1  
OR  
(b) Distinguish between Micro and Macro Economics .L1CO1
- 7 (a) Explain the various types of price elasticity of demand?L1CO2  
OR  
(b) Explain the properties of indifference curve ?L1CO2
- 8 (a) Explain the relationship between different short run cost curves ?L1CO3  
OR  
(b) Explain the Law of variable proportions ?L1CO3
- 9 (a) What is perfect competition and explain the price determination in it?L2CO4  
OR  
(b) Explain the equilibrium of the firm under monopolistic competition?L2CO4
- 10 (a) Critically explain the Ricardo's theory of Rent.L1CO5  
OR  
(b) Explain the Neoclassical loanable fund's theory of interest?L1CO5