

F.Y. B.A. ECONOMICS (PAPER I)

SEMESTER I

MICROECONOMICS

(ACADEMIC YEAR 2016-17)

Preamble

This course is designed to introduce the students to elementary concepts in microeconomics. The student should be able to use these concepts to understand the relevance of microeconomics to the real world. The student should be able to build on these concepts in the future to develop deeper understanding of the Economy.

Module –I: Ten Principles of Economics

(lectures 12)

Trade-offs faced by the individuals – significance of opportunity cost in decision making – thinking at the margin- responses to incentives-benefits from exchange- organization of economic activities through markets and its benefits – seventh, role of government in improving market outcomes – dependence of standard of living on production- growth in quantity of money and inflation-inflation and unemployment trade-off.

Module –II : Economics and Its Methods (lectures 12)

The scientific method –role of assumptions- economic models: circular flow of income and production possibilitiescurve -Micro economics and Macro economics-economist as policy advisors: positive economics and normative economics – causes of disagreement among economists -basics of graphs (graph of single variable, graph of two variable, curves in the co-ordinate system, slope-cause and effect).

Module –III: Markets, Demand and Supply (lectures 12)

What is a market- what is competition-demand curves: market demand versus individual demand - movements along the demand curve-shifts in the demand curve, supply curves: market supply and individual supply- shifts in supply curve–market equilibrium – three steps to analyse changes in equilibrium –price ceilings and floors-taxes and their impact-priceelasticity of demand- total revenue and the elasticity of demand - impact of price elasticity on revenue

Module –IV: Interdependence and Trade

(lectures 12)

Specialisation and trade –meaning of absolute cost advantage –opportunity cost and comparative cost advantage – comparative advantage and trade- gains from trade- application of comparative cost advantage to international trade - trade policy: free trade and protection.

References:

1. N.Gregory Mankiw, Principles of Microeconomics, 7th edition, Cengage Learning, 2015
2. Sen Anindya (2007), Microeconomics: Theory and Applications, Oxford University Press, New Delhi.
3. Salvatore D. (2003), Microeconomics: Theory and Applications, Oxford University Press, New Delhi.

PAPER PATTERN FOR SEMISTER I

ALL QUESTIONS ARE COMPULSORY.

THERE WILL BE FIVE QUESTIONS ON FOUR MOUDULES AND EACH QUESTION WILL CARRY 20 MARKS.

ON EACH MODULE, THERE WILL BE THREE SUB-QUESTIONS.

STUDENTS WILL HAVE TO ATTEMPT ANY TWO OUT OF THREE SUB-QUESTIONS.

QUESTION FIVE WILL BE OF NOTES ONE ON EACH MODULE.

STUDENTS WILL HAVE TO ATTEMPT ANY TWO OUT OF FOUR NOTES.