

IV. CORE COURSE -C 5:

(Credits: Theory-05, Tutorial-01)

Marks : 25 (MSE: 1Hr) + 75 (ESE: 3Hrs)=100**Pass Marks (MSE + ESE) =40*****Instruction to Question Setter for******Mid Semester Examination (MSE):***

There will be **two** group of questions. **Group A is compulsory** and will contain five questions of **very short answer type** consisting of 1 mark each. **Group B will contain descriptive type** six questions of five marks each, out of which any four are to answer.

End Semester Examination (ESE):

There will be **two** group of questions. **Group A is compulsory** and will contain two questions. **Question No.1 will be very short answer type** consisting of ten questions of 1 mark each. **Question No.2 will be short answer type** of 5 marks. **Group B will contain descriptive type** six questions of fifteen marks each, out of which any four are to answer.

Note: There may be subdivisions in each question asked in Theory Examinations.

INTERMEDIATE MICROECONOMICS-I**Theory: 75 Lectures; Tutorial:15 Lectures****Course Description**

The course is designed to provide a sound training in microeconomic theory to formally analyze the behavior of individual agents. Since students are already familiar with the quantitative techniques in the previous semesters, mathematical tools should be used to facilitate understanding of the basic concepts. This course looks at the behavior of the consumer and the producer and also covers the understanding of the micro distribution theories.

Course Outline**1. Consumer's Equilibrium**

Utility (Marshall and Hicks approach); Substitution effects (Hicks and Slutsky); Consumer's surplus (Marshall and Hicks approach).

2. Theory of Production and Costs

Production function; Isoquants; law of variable proportion; returns to scale; Different concepts of costs and cost curves under traditional theory; Equilibrium of the firm; Expansion path.

3. Market Structure

Market firms – perfect and imperfect markets; Equilibrium of a firm – perfect competition; monopoly and price discrimination; Measure of monopoly power; Monopolistic competition; Duopoly; oligopoly.

4. Factor Pricing

Marginal productivity theory of distribution; Adding up problem; Rent – concepts, Ricardian and Modern theory of rent; Interest – Classical and Keynesian theories; Profits – innovation, risk and uncertainty theories.

Basic Readings:

- Hal R. Varian, Intermediate Microeconomics, a Modern Approach, W.W. Norton and company / Affiliated East-West Press (India), 8th edition, 2010. The workbook by Varian and Bergstrom may be used for problems.
- C. Snyder and W. Nicholson, Fundamentals of Microeconomics, engage Learning (India), 2010.
- B. Douglas Bernheim and Michael D. Whinston, Microeconomics, Tata McGraw-Hill (India), 2009.