

FIRST YEAR TDC ARTS (2007-2008)

ECONOMICS

Paper I - Micro Economics

Paper II - Indian Economy

PAPER - I

MICRO ECONOMICS

Unit I

Definition, Nature and scope of economics; Choice as an economic problem. Demand- meaning, law of demand, demand curve, Utility Analysis - Cardinal and ordinal utility approach; (Law of diminishing marginal utility and law of equi-marginal utility) Indifference curve; consumer's equilibrium, price income and substitution effects (Hicks approach) and nature & kind of goods Elasticity of demand - Price income and cross elasticity. Consumer's surplus.

Unit II

Production- Production function, law of variable proportions, stages of production, iso-quants, factor substitution, returns to scale; Different concepts of cost and their relation and interpretations; Equilibrium of the firm; Expansion path.

Unit III

Market forms- Perfect and imperfect markets. Equilibrium of a firm - Perfect competition, monopoly and

discrimination; Measures of monopoly power; Monopolistic competition; Taxation and equilibrium of

Unit IV

Factorial productivity theory of distribution, Theories of wage determination, Wages and collective bargaining, Wage differentials, Rent - Scarcity rent, Differential rent, Quasi rent.

Unit V

Neo-classical and Keynesian theories, Profits-innovation, risk and uncertainty theories. Welfare economics: meaning, classical welfare economics, Pareto's criteria, value judgment.

BASIC READING LIST

Bach, G.L. (1977). *Economics*. Prentice Hall of India, New Delhi.

Gauld, J.P. and Edward P.L. (1996). *Microeconomic Theory*. Richard Irwin. Homewood.

Henderson J. and R.E. Quandt (1980). *Microeconomic Theory: A Mathematical Approach* McGraw Hill, New Delhi.

Healthfield and Wibe (1987). *An Introduction to Cost and Production Function*, Macmillan London.

Koutsoyiannis, A. (1990). *Modern Microeconomics*, Macmillan.