

SEMESTER-III

COURSE 1: MICROECONOMICS

Theory

Credits: 4

4 hrs/week

Course Objective: This is the first course in economics intended to learn basic concepts, principles and theories in Microeconomics with a view to understanding the economic behavior of an individual person and firm.

Course Learning Outcomes:

After studying this course, the student shall be able to

1. Explain the Law of Demand, Elasticity of Demand and the behaviour of individual consumer in the market place in terms of Cardinal utility and Ordinal utility theories;
2. Analyse the cost, revenue and production functions in terms of equations and graphs;
3. Understand the functioning of perfectly competitive and monopoly markets;
4. Evaluate the functioning of the realistic markets such as monopolistic competition and Oligopoly.
5. Apply the principle of Marginal Productivity to the determination of the remuneration to the factors of production.

Unit -1: Demand and Utility Analysis

- An Introduction to Microeconomics, its nature and scope
- Law of Demand, Elasticity of Demand: Meaning and Types of Elasticity
- Cardinal Utility : Law of Diminishing Marginal Utility, Law of Equi Marginal Utility
- Ordinal Utility: Meaning, Indifference Curves Properties, Budget Line and MRS
- Consumer's equilibrium using Indifference curves

Unit – 2: Production and Cost Analysis

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

Unit-3: Perfect Competition and Monopoly

- Market: Concept and Classification
- Perfect Competition: Characteristics, Price and Output Determinations of Firm and Industry
- Monopoly: Characteristics, Price and Output Determinations
- Monopoly - Price Discrimination


DR. M. RUKMANI
M.A., Ph.D., UGC-NET.,
Chairperson of BoS in Economics (PASS)
S.V. University, Tirupati.

Unit - 4: Monopolistic Competition and Oligopoly

- Monopolistic Competition: Characteristics, Costs and Demand curves
- Monopolistic Competition : Equilibriums of the Firm and Group, Selling Costs
- Oligopoly: Kinked Demand Curve, Characteristics of Collusive and Non Collusive Oligopoly
- Real world examples of Monopolistic Competition and Oligopoly

Unit - 5 Theories of Distribution

- Types of Distribution and Marginal Productivity Theory of Distribution
- Rent: Ricardian Theory of Rent, Marshallian Quasi Rent
- Theories of Wage: Subsistence Theory, Modern Theory
- Theories of Interest and Profits: Classical Theory of interest, Innovations Theory of Profit

References:

1. Microeconomic Analysis, Bilingual Textbook, APSCHE
2. H. L. Ahuja, (2004), *Advanced Economic Theory*, New Delhi: S. Chand.
3. A. Koutsoyiannis (2023), *Modern Microeconomics*, 2nd ed. Reprint, London: Macmillan.
4. P. N. Chopra (2018), *Principles of Economics*, Ludhiana: Kalyani Publishers.
5. Telugu Academy Publications on Microeconomics
6. Microeconomics, Dr. Br. Ambedkar Open University Material
7. Microeconomics, IGNOU Material

Suggested Activities:

- Unit-1: Studying the behaviour of people in the market place while buying Good/Services and making presentations in the class room.
- Unit-2: Identifying the applications of Indifference curves in real world situation
- Unit-3: Giving Assignment on any production function or traditional or modern theories of costs
- Unit-4: Arranging field visit to any nearby vegetable Rythu market and submission of a report
- Unit - 5 Seminar on theories of distribution which were studied at intermediate level.

Minor
CHOICE BASED CREDIT SYSTEM
SEMESTER-III
COURSE-1: MICRO ECONOMICS

Under CBCS New Regulation w.e.f AY 2026-27

Time:3 Hours

Max.Marks: 75

SECTION-A

Write Short Answer for any Five of the Following. Each Question carries 3 Marks (5X3= 15)

1. Law of Diminishing Marginal Utility and Law of Equi-Marginal Utility.
2. Indifference Curves – Properties and Marginal Rate of Substitution (MRS).
3. Cobb–Douglas Production Function and its properties.
4. Relationship between Average Cost and Marginal Cost.
5. Price Discrimination – Meaning and Types.
6. Differences between Perfect Competition and Monopoly.
7. Selling Costs and Product Differentiation.
8. Collusive vs Non-Collusive Oligopoly.
9. Subsistence Theory of Wages and Modern Theory of Wages.
10. Classical Theory of Interest and Innovation Theory of Profit (propounded by Joseph Schumpeter).

SECTION-B

Answer the following Questions. Each Question Carries 12 Marks (5 X12= 60)

11. (a) Explain the Law of Demand and the various Types of Elasticity of Demand. Discuss their measurement and importance in economic analysis.
or
(b) Explain the Cardinal and Ordinal Utility Approaches to consumer behaviour. How is consumer equilibrium determined under Indifference Curve analysis?

12 (a) Explain the Production Function. Discuss the Law of Variable Proportions and Returns to Scale with suitable diagrams.

or

(b) Define Cost and Revenue. Explain Total, Average and Marginal Cost and Revenue and their interrelationship. Also explain the Law of Supply and Elasticity of Supply.

13 (a) Explain the characteristics of Perfect Competition. How are price and output determined under perfect competition for a firm and industry?

or

(b) Explain the features of Monopoly. How does a monopolist determine price and output? Explain price discrimination.

14 (a) Explain the features of Monopolistic Competition. Discuss short-run and long-run equilibrium of the firm and group. Explain selling costs.

or

(b) Define Oligopoly. Explain the kinked demand curve model and distinguish between collusive and non-collusive oligopoly.

15(a) Explain the Marginal Productivity Theory of Distribution. Discuss its assumptions and criticisms.

or

(b) Explain the Ricardian Theory of Rent and Marshall's Quasi Rent. Also discuss the Classical Theory of Interest and Innovation Theory of Profit.


Dr. M. RUKMANI
M.A., Ph.D., UGC-NET.,
Chairperson of BoS in Economics (PASS),
S.V. University, Tirup