Integral University, Lucknow

Effective from Session: 2025-26							
Course Code	A080101T/HE107	Title of the Course	Principles of Microeconomics	L	T	P	C
Year	Ist	Semester	Ist	6	0	0	6
Pre-Requisite	Intermediate	Co-requisite	None				
Course Objectives	This Paper is designed to provide a sound knowledge of macro-economic theory. The goal of this course is to provide students with a thorough understanding of the fundamental principles of macroeconomics that establish a functional relationship between large aggregates. This course looks at the determination of income and employment, consumption function, theories of investment, multiplier, and accelerator.						

Course Outcomes

CO1	Given foundational microeconomic concepts, students will identify and analyze laws of demand and supply, elasticity, and apply them to real-world market scenarios.
CO2	With consumer behavior models, students will interpret and evaluate utility-based approaches such as cardinal, ordinal, and revealed preference theories.
CO3	Using production theory and cost analysis, students will construct and analyze isoquants, returns to scale, and cost curves to evaluate firm behavior.
CO4	Given different market structures, students will compare pricing and output decisions under perfect competition, monopolistic competition, monopoly, and oligopoly using appropriate theoretical models.
CO5	Provided monopoly frameworks, students will assess the implications of monopoly pricing, social costs, and policy interventions such as antitrust laws and regulation.
CO6	Given concepts of externalities, public goods, and imperfect information, students will analyze causes of market failure and evaluate government policies for correcting them.
CO7	Using factor market theories, students will evaluate how wages, rents, and profits are determined and examine the distribution of income across different economic agents.
CO8	Given welfare economics criteria, students will apply Pareto efficiency, Kaldor-Hicks criterion, and social welfare functions to assess resource allocation and equity.

Unit No.	Content of Unit	Contact Hrs.	Mapped CO
1	**Introduction:** Nature and Scope of Economics; Problem of scarcity and choice: scarcity, choice and opportunity cost; production possibility frontier; economic systems. Law of demand, law of supply, market equilibrium. Applications of demand and supply: price rationing, price floors, consumer surplus, producer surplus. Elasticity: Price, income and cross elasticities and their measurement.	7	CO1
2	**Consumer Theory:** Budget constraint, concept of utility, diminishing marginal utility, Diamond-water paradox, income and substitution effects; consumer choice: indifference curves, derivation of demand curve from indifference curve and budget constraint. Theory of Revealed Preference	7	CO2
3	**Production and Costs:** Production functions, law of variable proportions, returns to scale, choice of technology, isoquant and iso-cost lines, cost minimizing equilibrium condition. Costs: costs in the short run, costs in the long run, revenue and profit maximizations, minimizing losses, short run industry supply curve, economies and diseconomies of scale, long run adjustments.	7	CO3
4	**Market Structures:** Perfect Competition: Assumptions: theory of a firm under perfect competition, demand and revenue; equilibrium of the firm in the short run and long run; long run industry supply curve: increasing, decreasing and constant cost industries. Welfare: allocative efficiency under perfect competition. Imperfect Competition: Monopolistic competition: Assumptions, SR & LR price and output determinations under monopolistic competition, economic efficiency and resource allocation; oligopoly: assumptions, oligopoly models, game theory, contestable markets, role of government.	7	CO4
5	**Theory of a Monopoly Firm:** Concept of a supply curve under monopoly; comparison of perfect competition and monopoly, social cost of monopoly, price discrimination; remedies for monopoly: Antitrust laws, natural monopoly. Degree of Monopoly power.	8	CO5
6	**Consumer and Producer Theory:** Consumer and Producer Theory in Action: Externalities, marginal cost pricing, internalizing externalities, public goods; imperfect information: adverse selection, moral hazard, social choice, government inefficiency. Markets and Market Failure: Market adjustment to changes in demand, efficiency of perfect competition; sources of market failure: imperfect markets, public goods, externalities, imperfect information; evaluating the market mechanism.	8	CO6
7	**Income Distribution and Factor pricing:** Input markets: demand for inputs; labour markets, land markets, profit maximization condition in input markets, input demand curves, distribution of Income.	8	CO7
8	**Welfare Economics:** Concept & Definition of Welfare Economics. Normative & Positive Economics. Concepts of Social Welfare. Role of Value Judgment in Welfare Economics, Individual & Social Welfare. Pareto Optimality, Conditions of Pareto Optimality. New Welfare Economics: Kaldor-Hicks Welfare Criterion. Scitovsky Paradox & Scitovsky's Double Criterion. Grand Utility Possibility Frontier. Social Welfare Function..	8	CO8

Reference Books:

1. Koutsyiannis, A, Modern Microeconomics, Macmillan Publishers, London.
2. Baumol, W.J, Economic Theory & Operation Analysis, Prentice-Hall of India, New Delhi
3. Varian, H, Microeconomics Analysis, Viva Books, New Delhi.
4. Production, Price & Distribution, Tata McGraw Hill, New Delhi. Barthwal, R.R, Microeconomic Analysis, New Age, New Delhi.
5. Ahuja, H.L (2013): Advanced Economic Theory", S. Chand & Company. Shastri, Rahul. A (1999): Microeconomics", Orient Blackswan.
6. Dwivedi, D.N (2011): Microeconomics-Theory & Applications", Pearson.
7. Lipsey, Richard & Chrystal, Alec (2011) : Economics", Oxford University Press Publications, New Delhi.
8. Pindyck, Robert. S., Rubinfield. Daniel. L., Mehta. Prem. L (2009): Microeconomics", Pear son.
9. Salvatore, Dominic (2010) : Principles of Microeconomics", Oxford University Press Publications, New Delhi.
10. Samuelson, Paul. A& Nordhaus, William. D (2010): Economics", Tata McGraw Hill.

E-Learning Source:

https://swayam.gov.in/ ; http://www.ignouhelp.in/ignou-study-material/

Course Articulation Matrix: (Mapping of COs with POs and PSOs)

PO-PSO / CO	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PSO1	PSO2	PSO3
CO1	3	3	2	2	2	2	1	2	3	2	2
CO2	3	3	2	2	1	2	1	2	3	3	2
CO3	3	3	1	2	1	2	2	3	3	3	2
CO4	3	3	2	2	2	2	3	3	3	3	3
CO5	3	3	2	2	3	3	3	2	3	2	3
CO6	3	3	2	2	3	3	3	3	3	3	3
CO7	3	3	2	2	2	3	2	3	3	2	3
CO8	3	3	2	2	3	3	3	3	3	2	3

1- Low Correlation; 2- Moderate Correlation; 3- Substantial Correlation

Name & Sign of Program Coordinator	**Sign & Seal of HoD**