



## Integral University, Lucknow

Effective from Session: 2025-26														
Course Code		A080101T/HE107			Title of the Course			Principles of Microeconomics			L	T	P	C
Year		I <sup>st</sup>			Semester			II <sup>nd</sup>			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. Koutsiyiannis, 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., Rubinfeld. 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:														
<a href="https://swayam.gov.in/">https://swayam.gov.in/</a> ; <a href="http://www.ignouhelp.in/ignou-study-material/">http://www.ignouhelp.in/ignou-study-material/</a>														
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							



**Integral University, Lucknow**

**Effective from Session: 2025-26**

<b>Course Code</b>	A080201T/HE108	<b>Title of the Course</b>	Principles of Macroeconomics	<b>L</b>	<b>T</b>	<b>P</b>	<b>C</b>
<b>Year</b>	I <sup>st</sup>	<b>Semester</b>	II <sup>nd</sup>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>
<b>Pre-Requisite</b>	Intermediate	<b>Co-requisite</b>	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**

<b>CO1</b>	Given basic macroeconomic concepts and real-world examples, students will be able to distinguish between macro and microeconomic phenomena and analyze their relevance to everyday economic situations.
<b>CO2</b>	With various national income accounting methods, students will be able to compute and evaluate GDP, GNP, NNP, and related aggregates, demonstrating a comprehensive understanding of income flows in the economy.
<b>CO3</b>	Given different economic structures, students will analyze the circular flow of income in two, three, and four-sector models and evaluate the implications for economic welfare and green accounting.
<b>CO4</b>	By comparing classical and Keynesian approaches, students will critically assess the determination of income and employment, including the principle of effective demand and consumption behavior.
<b>CO5</b>	Using the multiplier and accelerator concepts, students will analyze investment behavior and evaluate their effectiveness in influencing output in developing economies.
<b>CO6</b>	Given various theories of interest, students will evaluate the determination of interest rates under classical, loanable funds, and Keynesian frameworks, recognizing the limitations of each approach.
<b>CO7</b>	Through IS-LM modeling, students will examine equilibrium in the goods and money markets and evaluate the macroeconomic implications of shifts in aggregate demand.
<b>CO8</b>	Using inflation and unemployment data, students will assess the types and consequences of inflation, analyze the Phillips curve framework, and interpret trade-offs in stabilization policy.

<b>Unit No.</b>	<b>Content of Unit</b>	<b>Contact Hrs.</b>	<b>Mapped CO</b>
<b>1</b>	Introduction: What is macroeconomics? Macroeconomic issues in an economy. Macro vs. Micro Economics, Limitations of Macroeconomics. Introduction to National Income.	7	CO1
<b>2</b>	National Income Accounting: Concepts of GDP, GNP, NDP, and NNP at market price and factor cost, Personal Income and Disposable Personal Income. Measurement of National Income- Income, expenditure, product or Value added Methods and related aggregates; nominal and real income; limitations of the GDP concept. GDP Deflator.	7	CO2
<b>3</b>	Circular Flow of Income and expenditure in two, three, and four-sector economy. National Income and Economic Welfare; Green Accounting.	7	CO3
<b>4</b>	Classical Theory of Employment. Say's Law of Markets. Keynes' Objection to the Classical Theory; Aggregate Demand and Aggregate Supply Functions; The Principle of Effective Demand; Consumption Function-Average and Marginal Propensity to Consume; Factors influencing Consumption Spending.	7	CO4
<b>5</b>	Types of Investment, Determination of Level of Investment: Classical and Keynesian approach. Multiplier: Concept, Investment Multiplier and its Effectiveness in LDCs; Principle of Accelerator. Theory of Investment - Autonomous and Induced Investment; Marginal Efficiency of Capital; Savings and Investment-Ex-Post & Ex-Ante, Equality and Equilibrium. Super Multiplier.	8	CO5
<b>6</b>	Rate of Interest: Classical, Neo-Classical (Loanable fund) and Keynesian Theories of Interest. Indeterminateness in Liquidity Preference Theory.	8	CO6
<b>7</b>	Equilibrium in the product and money markets: Derivations of the IS and LM functions; changes in IS and LM functions, IS-LM and aggregate demand; shifts in the AD curve.	8	CO7
<b>8</b>	Inflation: Definition and measurement of inflation, Types of inflation, Impact of inflation, determinants of inflation, Inflation and Unemployment; the relationship between inflation and unemployment: Phillips Curve in the short run and long run.	8	CO8

**Reference Books:**

1. Ackley, G (1976): Macroeconomics: Theory And Policy, Macmillan, New York.
2. Ahuja, H.L (2012): Macroeconomics: Theory and Policy, S. Chand & Company, New Delhi.
3. Branson, W.A (1989): Macroeconomics Theory and Policy, Harper & Row.
4. Dornbusch, Rudiger & Startz, Richard (2012): Macroeconomics, Tata McGraw Hill Education.
5. Dwivedi, D.N (2010): Macroeconomics: Theory and Policy, Tata McGraw Hill Education.
6. Shapiro, Edward (2005): Macroeconomic Analysis, Galgotia Publications, New Delhi.
7. Mankiw N.G. and D. Romer (eds.), New Keynesian Economics, (2 Vols.), MIT Press, Cambridge.
8. Romer D.L., Advanced Macroeconomics, McGraw Hill Company Ltd. New York.
9. Surrey, M.J.C (1976): Macroeconomic Themes, Oxford University Press.
10. Sikdar, Saumyen (2011): Principles of Macroeconomics, Oxford University Press, New Delhi.

**E-Learning Source:**

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

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

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

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

<b>Name &amp; Sign of Program Coordinator</b>	<b>Sign &amp; Seal of HoD</b>
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