

Course Code: 0311 ECON 111	Credit: 3	Year: 1 st	Semester: 1 st
Course Title: Principles of Microeconomics		Course Status: Core & Theory	Total Marks: 100

Rationale of the Course

This course introduces students to the fundamental principles of microeconomics and develops their analytical understanding of economic decision-making. It covers core concepts such as scarcity, choice, demand and supply, consumer behavior, production and cost, and market structures. Through these topics, students learn how individuals and firms allocate limited resources and how markets operate. The course also emphasizes analytical tools and real-world applications to evaluate economic outcomes and policy issues.

Course Objectives

The course aims to acquaint students with the basic ideas and methods of analysis of microeconomics. It seeks to improve knowledge of fundamental economic ideas such as opportunity cost, choice, scarcity, and market dynamics. The course also aims to explain the factors that affect supply and demand, consumer behavior, production choices, and business cost and revenue structures. Additionally, it helps students apply economic reasoning to real-world economic problems and examine various market structures, which improves their analytical and decision-making abilities in understanding how people, businesses, and markets function.

Course Learning Outcomes (CLOs): After successful completion of the course, students will be able to-

CLOs	Description	Cognitive levels of the CLOs
CLO 1	define and explain fundamental microeconomic concepts including scarcity and efficiency;	Remembering, Understanding
CLO 2	demonstrate a comprehensive understanding of the determinants of demand and supply as well as price and income elasticities;	Understanding
CLO 3	critically analyze the concepts related to the theory of consumer behavior and apply these concepts to real-world economic decision-making situations;	Applying, Analyzing
CLO 4	examine firms' production decisions by analyzing production functions, cost structures, and revenue concepts;	Applying, Analyzing
CLO 5	assess different market structures by comparing equilibrium conditions and economic outcomes.	Analyzing

Course Content

Unit	Topic/Content Summary	Corresponding CLOs
Unit 1	Introduction: Economics; It's Nature and Scope; Microeconomics vs. Macroeconomics, Positive vs. Normative Statement, Scarcity and Choice, Opportunity Cost, Choices and Efficiency; Production Possibility Frontier; Fundamental problems of an economy; Different economic systems and their relative strengths and weaknesses in solving these problems, Role of Government.	<i>CLO 1</i>

Unit 2	Demand and Supply: Laws of demand and supply; Demand and supply curves; Determinants of Demand and Supply, Movement along demand/supply curves; Causes of shifting of demand/supply curves. Market equilibrium; Effects of subsidies and taxes; Price ceiling and price floor; Consumer and producer surplus.	CLO 2
Unit 3	Elasticities of Demand and Supply: Elastic and inelastic demand; Price, income and cross elasticity of demand; Determinants of price elasticity; Price elasticity and its relation with total expenditure.	CLO 2
Unit 4	Consumers' Behavior: Concept of – utility, total and marginal utility; Cardinal versus ordinal measurement of utility; Law of diminishing marginal utility; Marshallian utility analysis; Paradox of value; Indifference curve analysis; Budget constraint; Consumers' equilibrium; Change in consumers' equilibrium due to change in income and prices; PCC and ICC; Income, substitution and price effect for normal, inferior and Giffen goods.	CLO 3
Unit 5	Theory of the Firm (Production, Cost and Revenue): Concept of Production and Production Function; Concept of Short-run and Long-run; Average, Marginal and Total Product Curve; Law of Diminishing Marginal Return; Iso-quant and the Ridge line; Returns to scale. Concept of cost, Fixed Cost and Variable Cost Average; Average and Marginal Cost curves in the short-run; Average and Marginal Cost Curves in the long-run; External Economies and Diseconomies. Concept of revenue; Marginal revenue and marginal cost; Guide to optimal quantity of output; profit maximization; Fundamental role of decisions at the margin.	CLO 4
Unit 6	Market Structure: Definition; Classification of market on the basis of time, location and degree of competition; Characteristics of perfectly competitive and monopoly markets; Concept of firm and industry; Concept of normal and super-normal profit; Conditions of profit maximization; Determination of short-run and long-run equilibrium of firm and industry under perfectly competitive and monopoly markets; Perfect competition versus monopoly; Concept of optimum production and optimum plant.	CLO 5

Texts:

1. Arnold, R. A. (2019). *Microeconomics* (13th ed.). Cengage Learning.
2. Baumol, W. J., & Blinder, A. S. (2010). *Economics: Principles and policy* (12th ed.). Cengage Learning.

References:

1. Parkin, M. (2003). *Microeconomics* (6th ed.). Addison-Wesley.
2. Stiglitz, J. E., & Walsh, C. E. (2003). *Principles of microeconomics* (3rd ed.). W. W. Norton & Company.
3. Koutsoyiannis, A. (1979). *Modern microeconomics* (2nd ed.). Macmillan Press.
4. Samuelson, P. A., & Nordhaus, W. D. (2010). *Economics* (19th ed.). McGraw-Hill.
5. Lipsey, R. G., & Chrystal, K. A. (2004). *Economics* (10th ed., Indian ed.). Oxford University Press.

