



## Central University of Himachal Pradesh

(ESTABLISHED UNDER CENTRAL UNIVERSITIES ACT 2009)  
PO Box: 21, Dharamshala, Himachal Pradesh-176215



**Course Code:** ECN 401  
**Course Name:** Basics of Microeconomics  
**Course Credit:** 2

### Course Objectives:

- Enable students to understand basics of microeconomics;
- Enable students analyzing behavior of individuals, firms and markets.

### Attendance Requirements:

Students are expected to attend all lectures in order to be able to fully benefit from the course. A minimum of 75 per cent attendance is a must failing which a student may not be permitted to appear in examination.

## COURSE CONTENT

### Unit-I

(6 hours)

Definition, Scope and branches of economics, Basic economic problems; Demand, Factors affecting demand; Elasticity of demand; Types of elasticity of demand, price elasticity, income elasticity, substitution and cross elasticity of demand; Supply schedule and supply curve, factors affecting supply, elasticity of supply. Consumer surplus

### Unit-II

(6 hours)

Utility analysis: Law of diminishing marginal utility and equi-marginal utility; Indifference curve approach; properties of indifference curve, price effect, income effect and substitution effect, derivation of demand curve using indifference curve.

### Unit-III

(6 Hours)

Cost concepts: Short run cost curves (average fixed cost, average variable cost, average cost and marginal cost). Long run cost concepts: Average and marginal cost, opportunity cost. Revenue curves: total revenue, average revenue and marginal revenue

### Unit –IV

(6 Hours)

Theory of production: Production decision of a firm, production function, short run and long run, average and marginal products, law of diminishing returns, isoquants, returns to scale, producers' equilibrium.

### Unit-V

(6 Hours)

Introduction to market structure: Essential features and price and output determination in perfect competition, monopolistic competition, oligopoly and monopoly.

### Prescribed Text Books:

1. Paul Samuelson and William D Nordhaus (2010), Economics, McGraw Hil, New Delhi
2. Robert S. Pindyck, Daniel L. Rubinfeld and Prem Lal Mehta (2009), Microeconomics, Pearson, New Delhi