

West Bengal State University Syllabus for Three Year B.A/B.SC (G)

ECONOMICS PART-I

PAPER –I: Microeconomics (100)

1. Basic Concepts:

Concept of Market, Demand & Supply, Price & Value, Personal Income and National Income, Circular Flow of Income. **Elasticity of Demand:** Price elasticity of Demand- **Factors** affecting the price elasticity of demand-Measurement of **point price elasticity** of demand and **Arc elasticity**-Income elasticity of demand. 10

2. Consumers' Behaviour :

Marginal Utility- **Law of Diminishing Marginal Utility**- Law of Demand and Law of Supply- Derivation of demand curve from marginal utility curve- **Consumers' surplus**. Indifference curve: Definition and Characteristics – Budget line –**Consumers' Equilibrium- Income effect and Substitution effect**- Graphical presentation to show Price effect is the summation of Income effect and Substitution effect- **Inferior goods and Giffen goods**. 10

3. Producers' Behaviour : Concept of Production- Factors of Production- Production Function: **Concepts of TP, AP and MP. Derivation of AP and MP curve graphically from TP curve**- Law of Variable Proportions- **Isoquants and its Properties**- **Expansion Path**- **Laws of Returns to Scale** 10

4. Revenue and Cost of Production: Concepts of Revenue- TR, AR, MR. Derivation of AR and MR curve from TR curve –**Relation concerning AR, MR and Elasticity of Demand**. Cost of Production – Money cost, Real cost and Opportunity cost – Fixed cost and Variable cost –Shape of the Short-run cost curves- Relation between AC and MC –**LAC is the envelope of SACs**. 10

5. Perfect Competition: Characteristics of Perfectly Competitive Market. Short –run and Long-run equilibrium of Perfectly Competitive firm and industry. 8

6. Monopoly : Concept and Characteristics of Monopoly Market – **Degree of Monopoly Power** - Price and Output Determination under Monopoly – **Absence of Supply Curve under Monopoly** – Concept of Price Discrimination –Equilibrium of Price Discriminating Monopolist. **Concept of Duopoly and Oligopoly.** 12

7. Theory of Distribution: Marginal Productivity Theory of Distribution – Rent : (a) Ricardian Theory , (b) Modern Theory , (c) Quasi- Rent. **Wage:** Distinction between Money Wage and Real Wage – Marginal Productivity Theory of Wages – Role of Trade Union in Wage Determination under Competitive Set up. **Interest:** Real and Monetary Interest Rate – Lovable Fund Theory of Interest Rate – **Liquidity Theory of Interest Rate.** **Profit:** Gross Profit and Net Profit – **Difference Between Profit and Other Factor Incomes – Theories of Profit** – Risk Bearing Theory , Uncertainty Bearing Theory , Innovation Theory. 20