

PROGRAM	Bachelors Of Commerce / Bachelors Of Commerce(Hons)
SEMESTER	V
COURSE TITLE	Advanced Economic Theory- I
COURSE CODE	04BC0581
COURSE CREDITS	04
COURSE DURATION	48 Hrs (48 sessions of 60 minutes each)

COURSE OUTCOMES:

- The students is familiarised and acquainted with basic concepts of microeconomics such as laws of demand and supply and elasticity etc. so that he/she can comprehend them & familiarise with day today happenings.
- The students learn and understand the concepts of consumer behaviour like cardinal utility and ordinal utility analysis.
- The students learn and understand application of Indifference curve analysis in deriving demand curves, price effect, income effect and substitution effect.
- The students learn and understand the Theory of production- iso-quants, laws of returns to scale, law of variable proportion.
- The students learn, understand and compare between the Traditional and modern theory of cost

Teaching and Examination Scheme

Teaching Scheme (Hours)			Credits	Internal Marks (50%)		End-Semester Examination (50%)			Total Marks
Theory	Tutorial	Practical		IA	CSE	Theory	Practical/Viva	Term Work (TW)	
4	0	0	4	30	20	50	0	0	100

Course Contents:

Unit No	Unit / Sub Unit	Sessions
I	Introduction: Problem of scarcity and choice: scarcity, choice and opportunity cost; production possibility frontier; economic systems. Demand and supply: law of demand, determinants of demand, shifts of demand versus movements along a demand 12curve, market demand, law of supply, determinants of supply, shifts of supply versus movements along a supply curve, market supply, market equilibrium. Applications of demand and supply: price rationing, price floors, consumer surplus, producer surplus.	10
II	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	10

	curve and budget constraint.	
III	Production and Costs: a. Production: behaviour of profit maximizing firms, production process, production functions, law of variable proportions, choice of technology, isoquant and isocost lines, cost minimizing equilibrium condition. b. 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.	10
IV	Market Structures: Perfect Competition: a. 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.	10
V	Market Structures: 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.	08

SUGGESTED READINGS:
Text Books:

Sr. No	Author/s	Name of the Book	Publisher	Edition & Year of Publication
T-01	Ahuja ,H.L	Advanced Economic Theory	S.Chand & Company	17 th Revised Edition 2013

Reference Books:

Sr. No	Author/s	Name of the Book	Publisher	Edition and Year of Publication
R-01	Stonier,A.W & Hague.Douglas.C	A Text Book of Economic Theory”	Pearson	2003)(5thed)
R-02	Lipsey,Richard &Chrystal,Alec	Economics	Oxford University Press Publications New Delhi.	International 13 th Edition
R-03	Pindyck,Robert.S., Rubinfield.Daniel.L., Mehta.Prem.L	Microeconomics	Pearson	5 th edition (2009)
R-04	Salvatore, Dominic	Principles of Microeconomics”	Oxford University Press Publications, New Delhi.	(2010)