

**UNIVERSITY OF DELHI
DELHI SCHOOL OF ECONOMICS**

DEPARTMENT OF ECONOMICS

Minutes of Meeting

Subject: B.A. (Hons) Economics, First Semester (2012)

Course: 01 (Introductory Microeconomics)

Date of Meeting: Monday 14th May 2012, 2:00 pm

Venue: Department of Economics, Delhi School of Economics, University of Delhi

Convener: Dr. Shreekant Gupta, Department of Economics, Delhi School of Economics

Attended by:

1. Kakali Barua, Lady Shri Ram College
2. Pooja Khanna, Daulat Ram College
3. Asha Tikku, Kamala Nehru College
4. S. Rubina Naqvi, Hindu College
5. Supriti Mishra, Shyam Lal College (Day)
6. Punam Tyagi, Kalindi College
7. Basanti Nayak, Satyawati College
8. Rashmi Mittal, Dyal Singh (Morning)
9. Ranjan Swarnakar, ARSD College
10. Vishnu Kanta Purohit, Indraprastha College
11. Malabika Pal, Miranda House
12. Aruna Rao, Sri Venkateswara College
13. Rabi Shankar Prasad, Kirori Mal College
14. Jayesh Adeshra, Shaheed Bhagat Singh College (Day)

The following texts were agreed upon:

1. **N. Gregory Mankiw (2007), *Economics: Principles and Applications*, 4th edition, India edition by South-Western, a part of Cengage Learning, Cengage Learning India Private Limited, ISBN-13:978-81-315-0577-9 (hereafter Mankiw, 2007, 4e).**
2. **Karl E. Case and Ray C. Fair (2007), *Principles of Economics*, 8th edition, Pearson Education Inc., ISBN 81-317-1587-6.(hereafter Case & Fair, 2007, 8e).**
3. **Joseph E. Stiglitz and Carl E. Walsh (2006), *Economics*, International Student Edition, 4th Edition, W.W. Norton & Company, Inc., New York, ISBN 0-393-92622-2. (hereafter Stiglitz & Walsh, 2006, 4e).**

Topic wise Readings:

1. **Exploring the subject matter of Economics:** Why study economics? Scope and method of economics; The economic problem: Scarcity and choice; the question of what to produce, how to produce and how to distribute output; Science of economics; The basic competitive model; Prices, Property rights and Profits; Incentives and information; Rationing; Opportunity sets; Economic systems; Reading and working with graphs (*de-emphasise*)

Stiglitz & Walsh, 2006, 4e, Chapters 1 & 2—Ch. 1: Modern Economics, pp. 3-22; Ch. 2: Thinking like an Economist, pp. 25-46.

2. **Supply and Demand: How Markets Work, Markets and Welfare:** Markets and competition; Determinants of individual demand/supply; Demand/supply schedule and demand/supply curve; Market versus individual demand/supply; Shifts in the demand/supply curve, demand and supply together; How prices allocate resources; Elasticity and its application; Controls on prices; Taxes and the costs of taxation; Consumer surplus, producer surplus and the efficiency of the markets.

Mankiw, 2007, 4e, Chapters 4, 5, 6, 7 & 8—Ch. 4: The Market Forces of Supply and Demand, pp. 72-92; Ch. 5: Elasticity and its Application, pp. 93-112; Ch. 6: Supply, Demand, and Government Policies, pp. 113-131; Ch. 7: Consumers, Producers and the Efficiency of Markets, pp. 134-151; Ch. 8: Application: The Costs of Taxation, pp. 152-165.

3. **The Households:** The consumption decision—budget constraint, consumption and income/price changes, demand for all other goods and price changes; Description of preferences (representing preferences with indifference curves), properties of indifference curves, consumer's optimum choice; Income and substitution effects; Labour supply and savings decision—choice between leisure and consumption.

Mankiw, 2007, 4e, Chapter 21: The Theory of Consumer Choice, pp. 384-405.

Richard Lipsey and Alec Chrystal, 2011, "Economics" 12e, Chapter 5: Box 5.4 (Shapes of Indifference Curves) (p. 91) and Income and Substitution Effects (pp. 97-99) excluding Box 5.6: The Slutsky decomposition.

4. **The Firm and Perfect Market Structure:** Behaviour of profit maximizing firms and the production process; Short run costs and output decisions; Costs and output in the long run.

Case & Fair, 2007, 8e, Chapters 7, 8 & 9—Ch. 7: The Production Process: The Behaviour of Profit-Maximizing Firms, pp. 143-164; Ch. 8: Short-Run Costs and Output Decisions, pp. 165-185; Ch. 9: Long-Run Costs and Output Decisions, pp. 187-210.

5. **Imperfect Market Structure:** Monopoly and anti-trust policy, government policies towards competition.

Mankiw, 2007, 4e, Chapter 15—Ch.15: Monopoly, pp. 271-298.

6. **Input Markets:** Labour and land markets—basic concepts (derived demand, productivity of an input, marginal productivity of labour, marginal revenue product); demand for labour; input demand curves; shifts in input demand curves; competitive labour markets; and labour markets and public policy.

Mankiw, 2007, 4e, Chapter 18: The Markets for the Factors of Production, pp. 334-348.

Internal Assessment:

Class tests (2): 10 marks each

Attendance in lectures and tutorials: 5 marks

End of semester exam:

The exam will carry 75 marks and seven questions in all. Each question will be worth fifteen marks. The *first* question will be compulsory. Besides, the students will be asked to answer *any* four out of the remaining six questions.