

Chanakya National Law University, Patna
B.A., LL.B. (H) 2022-23; SEMESTER- III

Course Title: Micro Economics

Course Overview

The curriculum is designed to expose and enrich knowledge of the students about the basic principles of economics. The course is designed for the beginners with no formal background or little acquaintance with economics. The objective is to give the students with a clear understanding of the basic concepts, tools of analysis and terminologies used in economics, to facilitate their understanding of various legal phenomena. Emphasis will be on the use of graphs, diagrams and numerical tables/schedules for exposition. The objective of this paper is to provide broad understanding of basic concepts of economics and understanding of relationship between economics and law.

Module one deals with the relevance of Economics for lawyer and about the importance of economic thinking. How economic models, applications and tools prepare for success in studying economics.

Module two focuses on fundamentals of microeconomics which will expose the students to the basic principles of microeconomic theory. Furthermore, the course will explain the usability of microeconomic concepts in real-life situations. The module will explain economics from the perspective of individual decision makers.

Module three discusses the preliminary concepts associated with the theory of cost and production. How the behaviour and decision of profit maximizing firms get affected during short-run and long run. It also includes concepts of revenue and its relationships with cost to get equilibrium position, break-even-analysis & its uses.

Module four of the course trains the students about the basic elements of consumer theory and production theory and the functioning of perfectly and imperfectly competitive market.

Module five is related to the factor pricing and distortion of market and discusses general equilibrium and welfare, imperfect markets and topics under various forms of monopolistic and unfair trade practices antitrust and anti-cartel legal systems and market regulatory systems to develop in various countries

Module six deals with wealth and welfare economics and how economic principles are applied in this area. It includes problems in measuring welfare, idea of classical welfare economics, Paretian criteria, idea of a social welfare function and Kaldor-Hicks Compensation principle.

Module seven is a new added module of the syllabus to examine the Health Care markets from a structural perspective, identify the key economic issues relevant to health care policy, and evaluate the health care markets and programmes in the wake of the pandemic and need for health infrastructure.

Learning Outcomes

On completion of the course, students will be able to:

1. Understand the fundamentals of microeconomics which are desirable for better understanding of consumer behaviour, theory of production and cost, producer price determination of firms under different market structures like perfect and imperfect markets and to have a better awareness regarding different welfare criteria.
2. Analyse the real-world economic issues and problems associated to it.
3. understand efficiency as an important and desirable criterion for the markets and economy to get the desirable outcomes.
4. The students would be able to demonstrate their understanding regarding the problems related to economic analysis of law
5. Relate and apply the concept of economics in the field of health care market and infrastructure

List of Topics/ Modules

Topic/ Module	Contents/ Concepts	Sessions / Lectures
Module I: Introduction	<ul style="list-style-type: none">• Definition and scope, basic assumptions, nature of economic laws,• Types of economic studies- macro and micro, definition some• Basic concepts – utility, goods, wealth, income, rationality, optimality, commodity, production, consumption, equilibrium,• Concerns for wealth and welfare.	1-5

	<ul style="list-style-type: none"> Relationship between law and economics. 	
Module II: Consumer Behaviour	<ul style="list-style-type: none"> Principle and concepts relating to utility, Various approaches, concept of elasticity and their types, determinants and importance of elasticity of demand. Theory of indifference curve, consumer's equilibrium Basic principle in Demand and Supply – Demand functions and demand curve, elasticity in demand curve, supply functions and elasticity, aggregative demand and supply , Price determination, shift of demand and supply. Application of demand and supply –floor and ceilings Principle of substitution, Law of Equi-marginal returns, Consumer surplus. Price determination, shift of demand and supply. Application of demand and supply –floor and ceilings. 	6-14
Module III: Theory of Production and Cost	<ul style="list-style-type: none"> Factors of production - land, labour, capital and organisation, production decisions, production function, Factor substitution, 	15-20

	<ul style="list-style-type: none"> • Law of variable proportion, economics of scale, different concepts of cost and the inter-relation, • Laws of Returns: - Production Function in Short-Run and Long Run. • Revenue Concepts - Total Revenue, Marginal Revenue, Average Revenue and their relationship. • Cost Analysis: - Accounting Costs and Economic Costs, Short Run Cost Analysis: - Fixed, Variable and Total Cost Curves, Average and Marginal Costs. • Land characteristics, Labour – definition and characteristics, theories relating to supply of labour, efficiency criteria, and relation of labour and productivity, capital – definition 	
<p>Module IV: Market Structure</p>	<ul style="list-style-type: none"> • Market structures: Economic features, types – demand and supply based, time based, structure based, • Perfect competition, • Imperfect competition, Monopoly, duopoly, oligopoly and monopsony, Monopoly and Combination 	<p>21-33</p>

	<ul style="list-style-type: none"> informal understanding, formal agreement to form cartel, trust, holding company, amalgamation and merger, price determination 	
Module V: Factor pricing and distortion of market	<ul style="list-style-type: none"> Marginal productivity theory of distribution - theories of rent – theories of determination of wages – theories of determination of interest – risks and uncertainties of production – theories on profit. Distortions to market: Various forms of monopolistic and unfair trade practices – antitrust and anti-cartel legal systems and market regulatory systems to develop in various countries 	34-38
Module VI: wealth and welfare economics	<ul style="list-style-type: none"> Wealth and welfare economics – meaning of welfare economics – social welfare and principles of justice – social welfare functions social choice and social welfare New Welfare Economics – concepts and features, new concepts of welfare economics: Price regulation, bail out of industries, Public distribution system, 	39-43

	administered and support price, MRP.	
Module VII: Health Economics	<ul style="list-style-type: none"> • State and Scope of Health Economics, Normative economics and health • Difference between health and health care, Equity and Efficiency. Health Care Markets: An Introduction: Main Problems in the Market for Health Care, Health Care and Economic Basics, Analyzing Health Care Markets. • Demand-Side Considerations: Demand for Health and Health Care, Market for Health Insurance • Supply-Side Considerations: Managed Care, Health Care Professionals, Hospital Services, Confounding Factors Public Policy in Medical Care: Policies to Enhance Access, Policies to Contain Costs, Medical Care Systems Worldwide, Role of WHO; Health Policy of India 	44-50

Recommended/Reference Text Books and Resources:

Text Books

1. Textbook of Economic Theory - Stonier and Hague; Longman Green and Co., London.
2. Introduction to Positive Economics - Richard G. Lipsey
3. N. Gregory Mankiw, Economics: Principles and Applications, India edition by South Western, a part of Cengage Learning, Cengage Learning India Private Limited, 4th edition, 2007.
4. Joseph E. Stiglitz and Carl E. Walsh, Economics, W.W. Norton & Company, Inc., New York, International Student Edition, 4th Edition, 2007.

5. Bernheim, B., Whinston, M. (2009). Microeconomics. Tata McGraw-Hill.
6. Micro Economics - M. L. Jhingan; (Vrinda Publications, New Delhi.)
7. Micro Economic Theory – Dr. V. C. Sinha – (Sahitya Bhawan, Agra)
8. K. K. Dewett-Modern Economic Theory (S. Chand Publications)
9. S. R. Myneni- Principles of Economics, (Allahabad Law Agency).
10. Samuelson and Nordrons- Economics (McGraw Hill. Inc.)
11. R.L. Millar- Economics Today (Addison Wesley)
12. Dominick Salvatore, Micro Economics: Theory and Application, Oxford University Press, Indian Edition, New Delhi, 2007.

Articles

- Coase, Ronald (1960) “The Problem of Social Cost,” *Journal of Law and Economics*, Vol. 3, pp. 1-44

Web Resources

Instructor Details

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