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**King Saud University**

**College of business administration**

**Course Specification: Microeconomics (ECON- 101)**

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| **Subject Coordinator:** Dr. Md. Izhar Alam |
| **Instructor:** | Dr. Md. Izhar AlamDr. Mohd. Imran | **Instructor title:** | Asstt. Professor |
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| **Teaching Hours:** | 53 | **Email:** | *mialam@ksu.edu.sa**myunus@ksu.edu.sa* |

*This course introduces microeconomic concepts and analysis, supply and demand theories, firm and individual behavior theories, competition and monopoly, and welfare economics. Students will also be introduced to the use of microeconomic applications to address problems in current economic policy throughout the semester. It is an introduction to the functions of individual decision-makers, both consumers and producers, within the larger economic system. This course encompasses all the materials needed to understand the key concepts. Multiple-choice quizzes, true/false statements, conceptual questions and numerical questions will be given in examination to assess the understandings of the students. Problem sets with solution keys will be used to test the students’ ability to apply the concepts covered in the lectures. A set of exams, including review material and practice exams, will help them to better understand the subject. Keeping these things in mind the following topics have been included for this course.*

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| **Required Topics** | **Credit hrs** | **Week** |
| 1. **Introduction to Economics:**
* Basic facts of economics;
* Definitions: Adam Smith, Marshall & Robbins;
* Basic Economic Problems; Subject Matter & Scope of Economics
* Differences and Scope of Microeconomics & Macroeconomics;
* Positive economics & Normative economics;
* Partial equilibrium & General equilibrium;
* Review Questions & Internal Assessment
 | **2** | **1** |
| 1. **Demand Analysis:**
* Meaning and features of demand;
* Factors affecting/determining demand;
* Demand Function;
* Law of Demand;
* Reasons behind downward slope of demand curve;
* Exceptions to the Law of Demand;
* Complementary goods & Substitute goods;
* Demand and Income of the Consumers;
* Demand and Consumer Taste;
* Change in Quantity Demanded (Movement) Vs Change in Demand (Shift) Curve;
* Review Questions & Internal Assessment
 | **5** | **2** |
| 1. **Supply Analysis:**
* Meaning;
* Law of Supply;
* Reasons behind Upward Sloping Supply Curve;
* Factors determining Supply;
* Supply Function; Change in Quantity Supplied (Movement) Vs Change in Supply (Shift);
* **Market Equilibrium:** Market equilibrium through different situations of demand and supply.
* Review Questions & Internal Assessment
 | **3** | **1** |
| 1. **Elasticity of Demand:**
* Meaning of elasticity;
* Formula;
* Determinants;
* Different types of ed;
* Measurement methods- Outlay or Expenditure Method; Percentage Method, & Geometric Method;
* Point elasticity Vs Arc elasticity;
* Applications of elasticity;
* Relationship between Price elasticity of demand and Revenue; Importance of Price elasticity of demand;
* Income elasticity;
* Cross elasticity;
* Review Questions & Internal Assessment
 | **6** | **2** |
| 1. **Elasticity of Supply**:
* Meaning;
* Formula;
* Determinants
* Different types of es;
* Measurement Methods- *Percentage Method, & Geometric/diagrammatic Method;*
* Review Questions & Internal Assessment
 | **3** | **1** |
| **First Exam (Chapter 1 to 5)** | **20 marks** |
| 1. **Consumer Theory:**
* Utility Analysis:
* Cardinal Utility Analysis-
* Meaning, Law of Diminishing Marginal Utility;
* Law of Equi Marginal Utility; and
* Consumer Equilibrium.
* Ordinal Utility Analysis-
* *Indifference Curve Analysis- I:*
* Meaning of Indifference Curve;
* Assumptions;
* Nature of Consumer Preference;
* Marginal Rate of Substitution;
* Budget Line;
* Consumer Equilibrium;
* Review Question.
* *Indifference Curve Analysis II:*
* Price Effect;
* Income Effect;
* Substitution Effect- Hicksian & Slustky Substitution effect; Price Consumption curve;
* Consumer Surplus;
* Revealed Preference Theory;
* Review Questions & Internal Assessment
 | **10** | **3** |
| 1. **Theory of Production:**
* Production function- Production in the short- run- TP, AP, MP curves & relationships;
* Law of Variable Proportion- DMR;
* Production Function in Long Run- Two variable inputs- Isoquants;
* Features of isoquants;
* Iso- cost Line;
* Producer’s Equilibrium;
* Expansion Path;
* Elasticity of substitution;
* Returns to Scale- Economies and Diseconomies of Scale;
* Review Questions & Internal Assessment
 | **8** | **3** |
| 1. **Theory of Cost:**
* Cost function;
* Different cost concepts;
* Cost in the short- run;
* Relationships among different costs;
* Cost in the long- run;
* Relationship between production and cost curves;
* Review Questions & Internal Assessment
 | **6** | **2** |
| **Second Exam (Chapter 6, 7 & 8)** | **20 marks** |
| 1. **Forms of Market & Price Determination:**
* *Forms of Market/ Competition:*
* Perfect competition;
* Monopoly: Price discrimination;
* Monopolistic competition;
* Oligopoly;
* *Price determination under:*
* Perfect compt.,
* Monopoly & oligopoly;
* Review Questions & Internal Assessment
 | **7** | **2** |
| 1. **Welfare Economics:**
* Criteria of social welfare: GNP; Bentham’s criterion; cardinal criterion;
* Pareto- optimality;
* Kaldor- Hicks compensation criterion;
* Bergson’s criterion of social welfare function;
* Scitovsky Paradox;
* Review Questions & Internal Assessment
 | **3** | **1** |
| **Final Exam.** | **40 marks** |
| **Internal Assessment** | **20 marks** |

**Distribution of Marks:**

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| **S. No.** | **Examinations** | **Marks** |
| 1. | First Exam | 20 marks |
| 2. | Second Exam | 20 marks |
| 3. | Internal Assessment | 20 marks |
| 4. | Final Exam | 40 marks |
| 5. | **Total**  | **100 marks** |

**Suggested Study Materials:**

* Class Notes Prepared by the Instructor (*Dr. Md. Izhar Alam*);
* *Microeconomics*, 5 th Edition By Robert S. Pindyck & Daniel L. Rubinfeld
* *Fundamentals of Microeconomics* by Christopher Snyder & Walter Nicholson, Cengage Learning
* *Intermediate Microeconomics*: *A Modern Approach*, 8 th Edition, Hal R. Varian.
* *Microeconomics* by McConnell Brue Flynn, Global Edition, McGraw Hill Publication;

**Note:**

* Students are advised to visit the Instructor’s website and look at announcements and download the study materials and always be updated.
* The above mentioned books (of softcopy) are more than 2 MB space and that’s why these books cannot be uploaded at the website. Therefore, students are advised to take these books in their USB flash memory to their Instructions.