

Title: Micro Economics**Code: MGMT 313****Credit Hours: 3****Year /Semester: I/I****48 Hours****Course Objectives:**

This course aims to acquaint students with the fundamentals of micro economic theory. It enhances the skills of the students in tabular and graphic interpretation of the economic concepts with respect to business decisions and market trends.

Unit 1 Introduction**4 Hours**

Micro economics: Meaning, Scope and Types, Basic Concepts: Positive and Normative Economics, Economic Models, Equilibrium, Application of micro economics in Business Decision Making

Unit 2 Theory of Demand Supply and Equilibrium Price**10 Hours**

Demand function, Movement along a demand curve and shift in demand curve, Supply function, Movement along a supply curve and shift in supply curve, Determination of Equilibrium price, Applications: Effects of Government policies on Equilibrium price (tax, subsidy, price floor, price ceiling)

Price Elasticity of Demand: Meaning, Degrees and its Measurement (Total outlay method and percentage), Application in Business Decision Making

Price Elasticity of Supply: Meaning, Degrees, and its measurement (arc and point methods), Numerical Case Studies

Unit 3 Theory of Consumer's Behavior**12 Hours**

Cardinal Utility Analysis: Assumptions, Consumer's Equilibrium, Applications; Ordinal Utility Analysis (Indifference curve Analysis): Assumptions, Properties, Budget Line, Consumer's Equilibrium, price Effect and Income Effects: Normal and Inferior Goods, substitution Effect, Decomposition of price Effect on Income and Substitution Effects, Applications: Tax and Subsidy, Income leisure choice of worker. Numerical Case Studies

Unit 4 Theory of Firm**10 Hours**

Production Analysis: Production Function, Production Function with one Variable Input, Iso-quant: MRTS, properties, Iso-cost Line and optimal Employment of Two Inputs, Laws of Returns to Scale, Economies of scope; Cost and cost curves, Numerical case studies, Various concepts of cost (Explicit and Implicit costs, opportunity cost, Accounting and Economic costs), Behaviour of short-run Average and Marginal cost curves, Numerical Case Studies

Unit 5 Theory of Product Pricing**8 Hours**

Business profit vs Economic profit, Profit Maximization and Equilibrium of Firm (TR-TC Approach and MR-MC Approach),

Perfect Competition: Characteristics, Short-run and Long-run Equilibrium

Monopolistic Competition: Characteristics, Short-run and Long-run Equilibrium, Price Discrimination: Conditions and Degrees

Oligopoly: Characteristics, Concept of Cartel and Price Leadership, Numerical Case Studies

Unit 6 Theory of Factor Pricing**4 Hours**

Modern Theory of Rent, Loanable Funds and Liquidity preference Theories of Interest, Dynamic and Innovation Theories of profit, Theory of Wages, Determinants of Equilibrium wages, Case Studies

Reference Books:

1. Kreps, D. (2009) *Micro Economics of Managers*, 1st edition. Viva Books Ltd.
2. Dwivedi, D.N. (2008) *Managerial Economics*, 7th edition. Vikas publishing House
3. Samuelson, P and N Nordhaus W. (2009) *Economics*, 18th Edition. Mc Graw Hill education.