



## Semester 3<sup>rd</sup>

**Course Name:** Micro Economics for Business

**Course Credits:** 4

**Course Code:** BBAN-301

**Level:** 200

**Course Objective:** The objective of this course is to provide students the knowledge of economic concepts and its application in the corporate world.

### **BLOCK I Demand and Consumer Behaviour**

Unit I Nature and Scope of Micro Economics, Demand and Supply, Concepts of revenue: marginal and Average:

Unit II Elasticity of demand: price, income and cross, Elasticity of Supply, Consumer Behavior: Indifference curve analysis of consumer behavior;

Unit III Budget Line, Consumer's equilibrium (Utility approach), Consumer's equilibrium (Indifference Curve approach), Price elasticity and price consumption curve, ICC, price change and income and substitution effects,

Unit IV Marginal Utility Theory, Revealed Preference Theory.

### **BLOCK II Production and Cost**

Unit V Production isoquants, marginal rate of technical substitution, economic region of production, optimal combination of resources, the expansion path,

Unit VI Isoclines, Returns to scale using isoquants, Cost of Production: Social and private costs of production,

Unit VII long run and short run costs of production, Economies and diseconomies of scale and the shape to the long run average cost, Learning curve and economies of scope.

### **BLOCK III Perfect Competition**

Unit VIII Perfect competition: Assumptions, Equilibrium of the firm and the industry in the short and the long runs, including industry's long run supply curve.

Unit IX Measuring producer surplus under perfect competition, Demand - supply analysis including impact of taxes and subsidy.

### **BLOCK IV Monopoly**

Unit X Monopoly: Monopoly short run and long run equilibrium, Shifts in demand curve and the absence of the supply curve, Price and Output decision in Monopoly market

Unit XI Horizontal and vertical integration of firms, and the social costs of monopoly power including deadweight loss, Degrees of price discrimination.



**BLOCK V Imperfect Competition, Rent, Interest, Profit & Theories of Wages**

Unit XII	Monopolistic Competition and Oligopoly: Monopolistic competition price and output decision-equilibrium, Monopolistic competition price and output decision-equilibrium.
Unit XIII	Rent- Concept, Ricardian and Modern Theories
Unit XIV	Interest- Concept and Theories of Interest
Unit XV	Theories of Wages
Unit XVI	Profit- Nature, Concept and Theories of Profit

**Suggested Readings:**

1. Business Economics: Ahuja, M. L.
2. Principles of Economics: Jain, K. P.
3. Business Economics: Mishra & Puri.
4. Modern Micro Economics: Koutsoyianni, A.