



**BUSINESS ECONOMICS-MICRO**  
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**[CORE COURSE]**

<b>Semester: I</b>	<b>Credits: 3</b>	<b>Subject Code: BB12004</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

At the end of this course, the learner will be able to,

- Ability to relate and recognize how markets organize core economic activities, such as production, distribution, and consumption, and the growth of productive resources.
- Ability to explain the economic theories and analyze economic issues under fields of applied microeconomics.
- Ability to recognize and demonstrate ethical values and its role in economic decisions and differentiate between normative economics and positive economics.
- Ability to describe governmental efforts to address market failure such as monopoly power, externalities, etc..
- Ability to describe and evaluate the Managerial aspects of Microeconomics through the application of mathematical and optimization techniques.

<b>Unit 1: Introduction</b>	<b>10</b>
<ul style="list-style-type: none"><li>• Introduction to Economics. Basic Economic Problems and their solution.</li><li>• Basic concepts- Opportunity cost, Normative and Positive Economics, Stock and Flow, Partial and General Equilibrium, Static and Dynamic Analysis.</li><li>• Introduction to Economic Tools and Analysis- Concept of Derivative, Functional Relation, Slope of a straight line and curve, Concave and Convex Curves and their curvature, Optimization (Maximization and Minimization).</li></ul>	

<b>Unit 2: Demand, Supply and Market Equilibrium</b>	<b>10</b>
<ul style="list-style-type: none"><li>• Demand Curves- Individual and Market, Law of Demand, Movement along versus shifts in the Demand Curve, Factors affecting demand, Exception to the Law of Demand.</li><li>• Supply Curves- Individual and Market, Law of Supply, Movement along versus shifts in the Supply Curve, Factors affecting Supply.</li><li>• Market Equilibrium- Nature and Stability of the Equilibrium. Mathematical (Algebraic) Solution of Equilibrium. Simple Numerical Problems.</li><li>• Elasticity- Different Types of Elasticities- Price, Income, Cross-Price. Degrees of Price Elasticity. Supply Elasticity. Methods of measuring Elasticity- Graphical and Mathematical. Relation between Elasticity and slope of the Demand Curve. Simple Numerical Problems based on Elasticity.</li><li>• Introduction to Normal, Superior, Inferior and Giffen Goods.</li></ul>	

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<b>Unit 3: Consumer Behaviour Theory</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Introduction, Consumer Preference-Ordinal Utility, Indifference Curve Analysis, Diminishing Marginal Rate of Substitution, Indifference Curves and Utility Analysis, Special Types of Indifference Curves</li> <li>• Consumer's Income-Slope of the Budget Line, Shifts in Budget Line, Consumer's Equilibrium</li> <li>• Revealed Preference Theory-Concept</li> <li>• Consumer Surplus, Producer Surplus, Dead Weight Loss</li> </ul>	

<b>Unit 4: Revenue and Cost Analysis</b>	<b>08</b>
<ul style="list-style-type: none"> <li>• Concept of Revenue- Total Revenue, Marginal Revenue, Average Revenue and the relationship among them. Relation between Total Revenue and Elasticity.</li> <li>• Types of Costs- Accounting and Economic Costs, Implicit and Explicit Costs.</li> <li>• Short Run Cost Analysis- Fixed, Variable, Total Cost Curves, Average and Marginal Cost Curves.</li> <li>• Long Run Cost Analysis- Long Run Average and Marginal Cost Curves, Envelope Curve. Economies and Diseconomies of Scale.</li> </ul>	

<b>Unit 5: Pricing under Various Market Conditions</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Perfect Competition: Assumptions, Short Run and Long Run Analysis of Firm and Industry Equilibrium.</li> <li>• Monopoly: Assumptions, Reasons for Monopoly, Price and Output Determination in the Short and Long Run.</li> <li>• Monopolistic Competition: Characteristics, Concept of Demand (perceived demand) and DD (share of the market demand) curves, Selling Costs, Price and Output Determination under Short and Long Run.</li> <li>• Duopoly and Oligopoly: Nature and Characteristics of Oligopoly, Cournot's Duopoly Model.</li> </ul>	

#12 hours for Library work , assignments, practical or field work

<b>Recommended Text Books:</b>
<ul style="list-style-type: none"> <li>• Ghosh Geetika, Piyali, Roy Choudhury Purba, <i>Managerial Economics</i>, McGraw Hill Companies, 2009</li> <li>• Sen Anindya, <i>Microeconomics, Theory and Applications</i>, OUP, 1999</li> <li>• Lipsey and Chrystal, <i>An Introduction to Positive Economics</i>, Oxford University Press,</li> <li>• Mithani. D M, <i>Managerial Economics, Theory and Application</i>, HPH</li> <li>• Ferguson and Gould, <i>Microeconomics</i>, All India Traveller Book Seller, ND, 1989</li> <li>• Koutsoyiannis A, <i>Modern Microeconomics</i>, Macmillan Press, 1979</li> <li>• Dowling Edward T, <i>Schaum's Outlines, Introduction to Mathematical Economics</i>,</li> </ul>

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### Reference Books:

- Mankiw N Gregory, *Principles of Microeconomics*, Cengage Learning, 2008
- Samuelson and Nordhaus, *Economics*, Tata McGraw Hill
- Stonier and Hague, *A Textbook of Economic Theory*, ELBS and Longmans
- Layard P R G and Walters A W, *Microeconomic Theory*, McGraw Hill
- Ahuja H L, *Business Economics (Micro and Macro)*, Sultan Chand and Co., New Delhi
- Henderson James M and Quandt Richard E, *Microeconomic Theory, A Mathematical Approach*, McGraw Hill International Book Company, 1980
- Baumol W J, *Economic Theory and Operations Analysis*, Prentice Hall of India

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Chairperson (HoD)	Dr. Shalini Iyer	<i>Shalini Iyer</i> 15/06/20
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Faculty	Mrs Amruta Basu	<i>Amruta Basu</i> 15/06/20
Subject Expert (Outside SPPU)	Dr. Ishita Dutt	<i>Ishita Dutt</i> 15/06/20
Subject Expert (Outside SPPU)	Dr. Subhash Patil	<i>Subhash Patil</i> 15/06/20
VC Nominee	Dr. Sailee Belsare	<i>Sailee Belsare</i> 15/06/20
Industry Expert	Dr. Nishant Upadhyay	<i>Nishant Upadhyay</i> 15/06/20
Alumni	Ms. Asha Pannikar	<i>Asha Pannikar</i> 15/06/20

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