

# 17BB107-MICRO ECONOMICS

## **Course Description and Objective:**

To make the students familiar with the basic concepts and principles of Business Economics. Students will learn nature and scope of managerial economics demand analysis, theory of production, cost analysis and different markets and pricing methods.

## **Learning Outcomes**

By the end of this course it is expected that the student will be able to:

1. Understand and apply supply and demand analysis to relevant economic issues;
2. Apply marginal analysis to the “firm” under different market conditions;
3. Understand the causes and consequences of different market structures
4. Apply economic models to examine current economic issues and evaluate policy options for addressing these issues
5. Analyze the causes and effects of changes in real GDP;

## **UNIT-I**

### **Introduction to Economics**

1

#### **2 Hrs**

Definition- scarcity, welfare and wealth, scope of economics Nature and Significance of Managerial Economics, Basic Economic concepts, Micro and Macro Economics

## **UNIT-II**

### **Consumer Demand Analysis - Cardinal and Ordinal Approach**

12 Hrs

Meaning and types of Demand, Demand determinants, Law of Demand, Elasticity of Demand – Types, Degrees and Measurement of Elasticity. Demand Forecasting-kinds and methods

## **UNIT-III**

**Production** **Analysis**  
**12Hrs** Production, production function, iso-quant, iso-cost , least-cost combination of input factors, **MRTS** , Laws of Production – law of Variable proportions and Laws of Returns of Scale.

#### **UNIT-IV**

##### **Cost Analysis**

**12Hrs**

Cost Analysis – Types of costs, cost function, cost-output relationship in the short-run and in the long-run. Break-even analysis –schedule, chart and simple problems.

#### **UNIT-V**

##### **Market Structure**

**12 Hrs**

Market, Market structure, Perfect competition – Meaning, Equilibrium of firm and industry under perfect competition, Pricing under imperfect competition – monopoly and monopolistic competition- Methods of pricing.

#### **Skill Development:**

*(These activities are only indicative, the Faculty member can innovate)*

1. To conduct a survey on the practical application of laws of economics.
2. To collect data on sales of consumer durable goods and predict the sales for a later year.
3. To find different case studies relating to different market conditions and to do an analysis.
4. To find out how demand differentiates between normal and inferior goods.
5. To analyze the role of a business economist in the everyday functioning of an organization taking live examples.

#### **Books for Reference:**

1. *D. M. Mithani: Business Economics.*
2. *Dr. P. N. Reddy & H. R. Appanaiah: Essentials of Business Economics.*

3. *H. Craig Petersen & W. Cris Lewis: Managerial Economics, PHI.*
4. *Joel Dean: Managerial Economics.*
5. *K. Dewett: Economic Theory.*