

Objective: To study the basic concepts of microeconomics relevant for Business decision making and helping the students to understand the application of economic principles in business management

UNIT – I

Consumer Behaviour

Utility Approach : Meaning, Types, Relationship between Marginal Utility and Total Utility, Law of Diminishing Marginal Utility, Law of Equi-Marginal Utility, Consumer Equilibrium, Derivation of Demand Curve.

Indifference Curve Approach : Properties, Consumer Equilibrium, Price Effect, Income Effect, Substitution Effect, Price Effect a combination of Income Effect and Substitution Effect.

Law of Demand

Elasticity of Demand : Definitions, Types, Measurement, Factors and Importance.

Demand Forecasting

UNIT-II

Production and Revenue

Production Function : Laws of Returns, Law of Variable Proportion and Returns to Scale.

Cost and Cost Curves : Concept of Nominal Real Economic Implicit, Explicit and Opportunity Cost, Cost Curve under Short-run and Long-run, Relationship between Average Cost and Marginal Cost.

Revenue Curves : Concept of Total Average and Marginal Revenue under different Market Conditions, Relationship between Average Revenue, Marginal Revenue and Elasticity of Demand.

Perfect Competition : Features, Equilibrium of Firm, Equilibrium of Industry, Role of Time element in Price Determination.

Monopoly : Feature, Equilibrium of Firm/Industry, Price Discrimination and Its Types.

Monopolistic Combination : Features, Price-Output Policy of the Firm. Selling Cost, Meaning, Effects, Equilibrium of Firm with respect to Selling Cost.

Oligopoly : Features, Price Leadership, Collusive Oligopoly, Kinky Demand Curve Analysis