

**FYBCOM**  
**Subject: Business Economics**  
**Title: Microeconomics**

**Semester I**

**Subject Code: C11504**

**Lectures: 48**

**Objectives:**

At the end of the Semester, a student opting for the subject: Business Economics should be equipped to understand –

- The nature and scope of Microeconomics
- The theoretical framework of Microeconomics
- Important microeconomic concepts with the help of numerical problems and graphical presentations.

**1. Introduction to Business Economics:**

**04**

- Meaning and Scope of Business Economics
- Importance of Business Economics
- Distinction between Microeconomics and Macroeconomics



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Alumna Mrs. Suchismita Mohanty *Suchismita Mohanty*

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*Arwah Madan*  
*Girija Lagad*  
*Suchismita Mohanty*

## 2. Objectives of a Firm:

06

- Meaning of a Firm
- Traditional Objective of a firm: Profit Maximization
- Other alternative objectives
- Objective of Sales Maximization
- Objective of Utility Maximization
- Objective of Shareholders' Wealth Maximization
- Objective of Growth
- Objective of Long Run Survival
- Objective of Satisficing Behaviour

## 3. Demand Analysis:

12

- Meaning and Determinants of Demand
- Law of Demand , Assumptions and Exceptions to the Law of Demand
- Elasticity of Demand
  - Price Elasticity of Demand-Concept, Types and Measurement
  - Importance of Price Elasticity of Demand
  - Income Elasticity of Demand-Concept, Types and Measurement
  - Cross Elasticity of Demand-Concept, Types and Measurement

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**4. Indifference Curve Analysis:**

12

- Concept and Properties of Indifference Curve
- Assumptions of Indifference Curve Analysis
- Slope of Indifference Curve- Marginal Rate of Substitution
- Concept and slope of Budget Line
- Shifts in a Budget Line
- Consumer's Equilibrium

**5. Production Function and Supply Analysis**

14

- Concepts
  - Production Function
  - Short Run and Long Run
  - Variable Factors and Fixed Factors of Production
  - Total Product, Average Product and Marginal Product
- Law of Variable Proportions
- Law of Returns to Scale
- Economies of Large Scale Production
  - Internal Economies and Diseconomies of Scale
  - External Economies and Diseconomies of Scale

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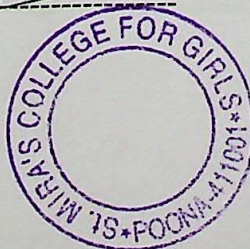
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- Meaning and Law of Supply
- Determinants of Supply
- Concept of Elasticity of Supply
- Types of Elasticity of Supply



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Mr. Vijay Haldevnekar

Vijay Haldevnekar

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**Subject: Business Economics**  
**Title: Microeconomics**

<b>Semester II</b>	<b>Subject Code: C21504</b>	<b>Lectures (Lects.): 48</b>
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**Objectives:**

At the end of the Semester, a student opting for the subject: Business Economics should be equipped to understand –

- The features of different market structures
- The price and output determination in perfect and imperfect market structures
- Pricing of Factors of Production , and
- Firm in a changing business environment

**1. Cost and Revenue Concepts:**

**12**

- Concepts
  - Opportunity Cost
  - Economic and Accounting Costs
  - Fixed Cost & Variable Cost
  - Total Cost, Average Cost & Marginal Cost



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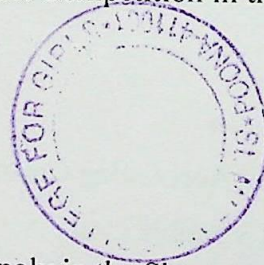
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- Short-run Cost of a Firm- Total Cost, Total Fixed Cost and Total Variable Cost
- Average Fixed Cost, Average Variable Cost, Average Total Cost and Marginal Cost
- Long run Cost Curves of a Firm
  - Average Cost as Envelope Curve and Planning Curve
- Revenue Concepts
  - Total Revenue, Average Revenue and Marginal Revenue
  - Revenue under Perfect Competition and Imperfect Competition
  - Relationship between Revenue and Elasticity of Demand.

**2. Market Structures I:**

12

- Pure and Perfect Competition
  - Meaning and Features
  - Price and Output Determination under Perfect Competition in the Short-run and Long-run; Firm and Industry
- Monopoly
  - Meaning and Features
  - Types of Monopoly
  - Price & Output Determination under Monopoly in the Short-run and Long-Run



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- Price Discrimination
  - Meaning, Degrees and Forms of Price Discrimination
  - Conditions for Price Discrimination

**3. Market Structures II:**

**08**

- Monopolistic Competition
  - Meaning and Features
  - Concepts of Product Differentiation and Selling Cost
  - Price and Output Determination under Monopolistic Competition in the Short-run and Long-run; Firm and Industry
- Oligopoly
  - Meaning, Features and Types of Oligopoly



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Industry Expert-

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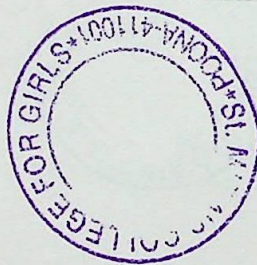
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4. Rewards of Factors of Production:

- Wages
  - Real Wages & Money Wages
  - Supply of Labour
  - Collective Bargaining and Wage Determination
  - Concept of Minimum Wages
- Rent
  - Transfer Earnings and Economic Rent
  - Quasi-rent
- Interest
  - Gross Interest and Net Interest
  - Liquidity Preference Theory of Interest
- Profit
  - Innovations Theory of Profit
  - Risk-taking Theory of Profit
  - Uncertainty-bearing Theory of Profit



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5. Firm and the Business Environment:

08

- Meaning and Definition of a Business Environment
- Factors Contributing to the Business Environment
  - Economic Factors
  - Social Factors
  - Cultural Factors
  - Technological Factors
  - Legal Factors
  - Political Factors
  - Locational Factors
  - Ecological Factors
- Meaning and Features of Nationalisation
- Meaning and features of Privatization
- Meaning and Features of Liberalization
- Meaning and Features of Globalization
- International Business Environment



Recommended Books (Sem I & II):

- Ahuja H.L (2004) "Modern Micro Economic Theory & Applications" S. Chand & Co. New Delhi, 12<sup>th</sup> edition

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- Ahuja H.L (2008) "**Managerial Economics**" S. Chand & Co. New Delhi, 2<sup>nd</sup> edition
- Harrison Barry, Charles Smith & Brinley Davies (1992) "**Introductory Economics**" Macmillan Press Ltd
- Mankar V. G. (latest edition) "**Business Economics**" Macmillan India
- RoyChowdhury K.C. (1991) "**Microeconomics**" Tata McGraw Hill
- Pindyck Robert S & Daniel L Rubinfeld (2004) "**Microeconomics**" 6<sup>th</sup> edition
- John Sloman & Mark Sutcliffe (2006) 'Economics for Busines' Pearson Education, 3<sup>rd</sup> edition

#### Reference Books (Sem I & II):

- Chaturvedi DD, Gupta SI & Pal Sumitra (2006) "**Business Economics-Text & Cases**" Galgotia Publishing Co.
- Lipsey Richard G & Chrystal Alec K & (1997) "**Economics for Business and Management**" Oxford University Press
- Lipsey Richard G & Chrystal Alec K (2005) "**Economics**" ELBS, Oxford University Press 8<sup>th</sup> edition
- Dwivedi DN (2001) "**Managerial Economics**" Vikas Publishing House, 6<sup>th</sup> edition
- Haynes Warren W, Mote Vasant L & Samuel Paul (1970) "**Managerial Economics**" The Dryden Press
- Perloff Jeffery M. (2001) "**Microeconomics**" Pearson Education Asia, 2<sup>nd</sup> edition

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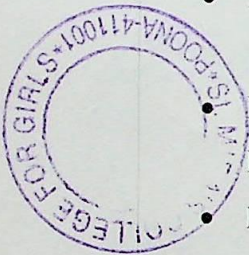
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- Saleem Shaikh (2006) "Business Environment", Pearson Education.
- Salvatore Dominick (2003) "Theory & Problems of Microeconomic Theory" Schaum's Outline Series
- Samuelson P.A. Nordhaus William D (2005) "Economics" Tata McGraw Hill Publishing Co.
- 'Economics for Business' Sloman, Sutcliff, Pearson Education.

**Work Books (Sem I & II):**

- Stillwell J.A, Lipsey R.G & Clarke Rosemary "Workbook to accompany – An Introduction to Positive Economics" 6<sup>th</sup> edition
- Robinson Study Guide to accompany "Economics" by Samuelson P.A 10<sup>th</sup> edition



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