

FUNDAMENTALS OF BUSINESS ECONOMICS – 1

(MICRO ECONOMICS)

Course Content:

Unit No.	Topics / Chapters Name
UNIT - I	ECONOMIC CONCEPTS, METHODS AND TECHNIQUES 1.1.Economics as a Social Science 1.2. Scarcity 1.3.Choice and opportunity cost 1.4.Central themes
UNIT - II	COMPETATIVE MARKETS: DEMAND AND SUPPLY 2.1. Markets : Nature of Markets 2.2. Demand : The law of Demand, The Demand Curve, The non-price Determinants of demand (factors that changes demand or shift the Demand curve), Movements along and shifts of the demand curve, Linear demand functions (equations), Demand Schedules and Graphs 2.3. Supply : The law of Supply, The Supply Curve, The non-price Determinants of Supply (factors that changes Supply or shift the Supply curve), Movements along and shifts of the Supply curve, Linear Supply functions (equations), Supply Schedules and Graphs 2.4. Market Equilibrium: Equilibrium and changes to equilibrium, Calculating and illustration of equilibrium using linear equations 2.5. The Role of the Price Mechanism: Resource Allocation, Market Efficiency: Consumer Surplus, Producer Surplus, Allocative efficiency
UNIT – III	ELASTICITY 3.1. Price Elasticity of Demand: Meaning and its determinants, Applications of Price Elasticity of demand 3.2. Cross Price elasticity of demand: Meaning and its determinants, Applications of Cross Price Elasticity of demand 3.3. Income Price elasticity of demand: Meaning and its determinants, Applications of Income Price Elasticity of demand 3.4. Price elasticity of Supply: Meaning and its determinants, Applications of Price Elasticity of supply
UNIT – IV	GOVERNMENT INTERVENTION 4.1. Indirect taxes: Specific taxes and ad valorem taxes and their impact on markets, Tax incidence and Price elasticity of demand and supply 4.2. Subsidies: Impact on markets

	4.3.Price Controls: Price ceilings (maximum prices)- rationale, consequences and examples, Price floors (minimum prices)- rationale, consequences and examples
UNIT - V	<p>MARKET FAILURE</p> <p>5.1. Market failure: Meaning, Market failure as a failure to allocate resources efficiency</p> <p>5.2. Types of Market failure: Meaning of Externalities, Negative externalities of production and consumption, Positive externalities of production and consumption, Lack of public goods, Common access resources and the threat to sustainability, Asymmetric information, Abuse of monopoly power</p>
UNIT - VI	<p>THEORY OF FIRMS AND MARKET STRUCTURE</p> <p>6.1. Production and costs: Production in the short run – the law of diminishing returns, Costs of Production in short run, Production in the long run – returns to scale, Costs of Production in short run</p> <p>6.2. Revenues: Total revenue, average revenue and marginal revenue</p> <p>6.3. Profit: Economic Profit (abnormal profit) and normal profit (zero economic profit occurring at the break-even point)</p> <p>6.4. Goals of firms: Profit maximization, Alternative goals of firms</p> <p>6.5. Different types of competition: Perfect Competition, Monopoly, Monopolistic Competition, Oligopoly, Price Determination.</p>