



Code	Subject Title	Cr. Hrs	Semester
ECON-101	Principles of Micro Economics	3	I
Year	Discipline		
1	Business Administration, Economics		

**Objectives**

The course is designed for the beginners with either no formal background or very little acquaintance with economics. The objective is to give the students with a clear understanding of the basic concepts, tools of analysis and terminologies used in microeconomics. Emphasis will be on the use of graphs, diagrams and numerical tables/schedules for exposition. The teacher is expected to draw examples from the surrounding world to clarify the concepts.

**Course Contents**

**Introduction**

An overview of the social system, Economy as integral part of the social system, Economic agents and economic problem, Economics as a science of choices between competing wants and limited resources, Classification of economics, Importance and scope of micro-economics, Basic concepts: Commodities, Income and Resources, Production and Consumption, Exchange and Distribution.

**The Price Mechanism**

The concept of a market economy, Laws of demand and supply, schedules & graphs of demand and supply, Market equilibrium and determination of price, Movement along and shifting of demand and supply curves, Concept of elasticity of demand and supply, Importance of elasticity.

**Consumer’s Behaviour**

Consumers/ households as economic agents, Problem of the consumers, The utility theory, Laws of diminishing marginal utility and equi-marginal utilities, Budget constraint and consumer’s equilibrium, Individual demand and market demand, Introduction to demand elasticity.

**Firms and Industries**

Business enterprises, Forms of business organization: Proprietorship, Partnership, Joint stock companies, Multi-national corporations, Classification of the firms, Production and supply of commodities (goods and services), Objectives of the firm: The profit motive, Output maximization and cost minimization, Industrial structure & market supply.

**Production and Cost Functions**

Production function, Primary inputs: factors of production, Secondary/intermediate inputs: Raw material and energy, The laws of returns, Revenues of the firm: total, average and marginal revenues, Cost function: Total, average and marginal costs, Short-run and Long-run costs, Equilibrium of the firm.



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**Market Structure**

Classification of markets according to nature of commodity, extent, time and degree of competition, Perfect competition among buyers and sellers, Imperfect competition: Monopoly and Monoposony, Monopolistic competition, Price determination, The need for market regulation and role of the government, Public goods and their provision beyond the market.

**Recommended Book**

- Mankiw, G. - Principles of Economics - 2<sup>nd</sup> Edition (2001), South- West Publishers.
- Samuelson and Nordrons - Economics –18<sup>th</sup> Edition (2004)- McGraw Hill.
- McConnel and Bruce - Principles of Economics -17<sup>th</sup> Edition (2006)- McGraw Hill.
- Lipsey and Goerant-Principles of Economics-10<sup>th</sup> Edition (2003)- Oxford University Press