

Subject Name :- Business Economics (Micro)
Course Code :- 103
Term I

1. INTRODUCTION.

- 1.1 Meaning, Nature and Scope of Business Economics- (Micro)
- 1.2 Difference between Micro and Macro Economics.
- 1.3 Tools for Analysis
 - a. Functional Relationships
 - b. Schedules
 - c. Graphs
 - d. Equations
- 1.4 Goals of firms
 - a) Economic Goals of Firms
 - 1. Profit Maximization
 - 2. Shareholders Wealth Maximization
 - 3. Management Reward Maximization
 - 4. Growth of the firm
 - 5. Sales maximization
 - 6. Long run survival
 - b) Non-Economic goals
 - 1. Political power, Prestige
 - 2. Social responsibility and welfare
 - 3. Goodwill of employees

2. DEMAND ANALYSIS

- 2.1 Elasticity of Demand, Types of Elasticity, Price Elasticity, Income Elasticity and Cross Elasticity.
- 2.2 Consumer Behaviour
 - a) Marginal Utility Approach - Limitations
 - b) Indifference Curve Analysis
 - Concept
 - Characteristics
 - Consumer Equilibrium
- 2.3 Demand Forecasting and Estimation
 - a) Meaning and objectives of Demand Forecasting
 - b) Methods of Demand Forecasting
 - c) Descriptive Analysis of
 - i) Direct Methods
 - 1) Consumer Survey
 - 2) Expert opinion
 - 3) Simulating market situation
 - 4) Controlled Market Experiments
 - ii) Indirect Methods
 - 1) Simple correlation
 - 2) Trend Projections

3. PRODUCTION AND COST ANALYSIS

- 3.1 Production Function – Meaning
- 3.2 Law of Variable Proportions - The Three Stages
- 3.3 Law of Returns to Scale - The Three Stages
- 3.4 Economies and Diseconomies of Scale – Internal and External
- 3.5 Cost Analysis – Types of Costs
 - a) Types of Costs
 - 1) Total cost
 - 2) Average Cost
 - 3) Marginal Cost
 - 4) Opportunity cost
 - b) Behaviour of Cost Curves
 - 1) In the Short Run
 - 2) In the Long Run

Term II

4. REVENUE BEHAVIOUR

- 4.1 Meaning and Importance of Revenue Concepts
- 4.2 Total Revenue (TR), Average Revenue (AR) Marginal Revenue (MR).
- 4.3 Relationship between Total Revenue, Average Revenue and Marginal Revenue

5. PRICING UNDER VARIOUS MARKET CONDITIONS

- 5.1 Perfect Competition – Features and equilibrium
- 5.2 Monopoly – Features and equilibrium, Price Discrimination
- 5.3 Monopolistic competition - Features and equilibrium
- 5.4 Oligopoly – Features

6. FACTOR PRICING

- 6.1 Marginal Productivity theory of Distribution.
- 6.2 Rent
 - a) Theories of Rent
 - i) Ricardian Theory of Rent
 - ii) Modern Theory of Rent
- 6.3 WAGES -
 - i) Backward sloping Supply curve of Labour.
 - ii) Collective Bargaining & Trade Unions
- 6.4 INTEREST -
 - a) Theories of Interest –
 - i) Loanable Fund Theory of Interest
 - ii) Keynes Liquidity Preference Theory of Interest
- 6.5 PROFIT -
 - a) Theories of Profit –
 - i) Dynamic Theory of Profits
 - ii) Innovation Theory of Profit
 - iii) Risk and Uncertainty Theory of Profit