



Semester: III	
Course Name: Microeconomics for Managers	
Course Type: Major	Course Code: C2BMS2331
Credit: 5	Full Marks: 100

LEARNING OBJECTIVES:

- The purpose of this course is to apply micro economic concepts and techniques in evaluating business decisions taken by firms.
- The emphasis is on explaining how tools of standard price theory can be employed to formulate a decision problem, evaluate alternative courses of action and finally choose among alternatives.

LEARNING OUTCOMES:

On successful completion of the course the learner will have a clear understanding of the

- Behaviour of economic agents like consumers, producers, firms and government.
- Discussions on market structures in short run and long run with government policy will help students to relate economic events government policies in recent time and they will be able to analyze the impact in the market.
- As managerial Economics is applied microeconomics in making real life decision and choices to maximise the benefit, students will be able to apply these intuitions in economic and business decision making.

DETAILED SYLLABUS:

Unit 1: Theory of Production and Cost and Supply (18L)

Concept of Production Possibility Frontier - Technology and Production function, optimizing behaviour in short run(geometry of total, average and marginal product curves, law of diminishing marginal productivity, three stages of production), optimizing behaviour in long run (isoquants, isocost line, optimal choice of inputs), returns to a variable input and returns to scale;

Costs: theory of cost (short run and long run, geometry of cost curves,), economies of scale Learning Curve, economies of scope

Supply Analysis –Law of supply – supply curve-elasticity of supply

Unit 2: Theory of Consumer Behaviour and Demand (15L)

Cardinal vs. ordinal utility, ordinal utility theory (indifference curves, budget line, consumer choice, price effect, substitution effect, income effect

Demand Analysis -individual demand, market demand, individual Supply, market supply, market equilibrium; Elasticity of demand and supply: Price Elasticity of demand, income

elasticity of demand, cross price elasticity of demand, Elasticity of supply; movement along the curve vs. shift of the curve

Unit 3: Market Equilibrium (6L)

Market equilibrium -Price Ceiling and Price Floor, tax and Subsidy on market equilibrium; consumer and producer surplus.

Unit 4: Market Structure (20L)

Perfect competition (basic features, short run equilibrium of firm/industry, long run Equilibrium of firm) ; monopoly (Basic features of monopoly market, short run equilibrium, long run equilibrium, comparison with perfect competition, Welfare cost of monopoly, price discrimination); Features of monopolistic competition; Oligopoly: Competition and Collusion; Prisoners Dilemma – Numerical Applications on Perfect Competition, monopoly, and oligopoly

Unit 5: Market Failure (6L)

Sources of Market Failure: Public Good and Private Good – Externality – Asymmetric Information

SUGGESTED TEXT BOOKS/ READING MATERIALS:

1. Lipsey and Chrystal. (2008). Economics. (11thed.) Oxford University Press
2. Koutosyannis (1979). Modern Micro Economics. Palgrave Macmillan
3. Pindyck, Rubinfeld and Mehta. (2009). Micro Economics. (7thed.). Pearson.
4. Varian, Hall, Intermediate Miceoeconomics
5. Paul A. Samuelson and William D. Nordhaus, Economics (19th edition) Indian
6. Adaptation by SudipChaudhuri and AnindyaSen and SudipChoudhuri, Tata
7. McGraw-Hill , 2010
8. Mankiw : Principles of Microeconomics