

**MGT 104**

**Micro Economics**





# CAPITALISM



# What is Microeconomics?

- Microeconomics is a branch of economics that focuses on the market behavior of individuals and small impacting firms in making decisions on the allocation of resources.
- It studies the pattern of demand and supply as well as the determination of output and price in individual markets.

# What is Microeconomics?

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- Economics
  - The study of the allocation of scarce resources among alternative uses
- Microeconomics
  - The study of the economic choices individuals and firms make and how those choices create markets

# What is microeconomics?

The branch of economics that studies decision-making by a single individual, household, firm, industry, or level of government



# Meaning of Microeconomics

**Microeconomics** comprises the study and analysis of individual, firms and behavior in the process of decision-making. This section of **economics** spotlights on the effects and impacts of economic policies such as tax change etc. on the particular **economy**. The study of microeconomics includes the aspects like demand, supply, equilibrium, production possibility curve and consumer demand etc.

## Microeconomics

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## Microeconomics

Individual market

Effect on price of a good

Individual labour market

Individual consumer behaviour

supply of good

## Macroeconomics

Whole economy (GDP)

Inflation (general price level)

Employment/unemployment

Aggregate demand (AD)

Productive capacity of economy

# Microeconomics

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graph TD; A[Microeconomics] --> B[Product Pricing]; A --> C[Input Pricing]; A --> D[Social welfare]; B --> E[Theory of consumer Demand]; B --> F[Theory of production and Cost]; C --> G[Rent]; C --> H[Wage]; C --> I[Interest]; C --> J[Profit];
```

Product Pricing

Input Pricing

Social welfare

Theory of consumer Demand

Theory of production and Cost

Rent

Wage

Interest

Profit

# Scope of Micro-economics

## Theory of Product Pricing

Demand Analysis

Supply Analysis

## Theory of Factor Pricing

Rent

Wages

Interest

Profit

## Theory of Economic Welfare

Efficiency in production

Efficiency in consumption

Overall economic efficiency

## Basic Concepts of Economics

- Needs
- Wants
- Demand
- Supply
- Demand Curve
- Supply Curve
- Market
- Types of market
- Utility
- Consumption
- Consumer Surplus
- Law of diminishing marginal utility
- Price
- Value
- GDP
- GNP
- Factors of Production
- National Income
- Per Capita Income