

MGT 104

Micro Economics

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?

- 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];
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Product
Pricing

Input
Pricing

Social
welfare

Theory of
consumer
Demand

Theory of
production
and Cost

Rent

Wage

Interest

Profit

Scope of Micro-economics

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graph TD; A[Scope of Micro-economics] --> B[Theory of Product Pricing]; A --> C[Theory of Factor Pricing]; A --> D[Theory of Economic Welfare]; B --> E[Demand Analysis]; B --> F[Supply Analysis]; C --> G[Rent]; C --> H[Wages]; C --> I[Interest]; C --> J[Profit]; D --> K[Efficiency in production]; D --> L[Efficiency in consumption]; D --> M[Overall economic efficiency];
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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