

Kathmandu University School of Management
Bachelor of Business Administration
Course Syllabus

Course Title	MICROECONOMICS
Course Code Number	ECO 201
Credit Hours	3
Course Objective	
Main Objective	The objective of the course is to acquaint students with the basic concepts of Microeconomic Theory. The course intends to enable participants understand and analyze economic behavior of individual decision-making entities or units such as markets, firms/enterprises and households, thereby facilitating them understand the use of Microeconomics in managerial decision-making.
Learning Unit	
Learning Unit One Net Contact Hours -4 hrs	1. Introduction to Microeconomics and Basic Concepts Introduction; Basic issues in Economics: Scarcity, Efficiency and Alternatives; Basic Division/Classification of Economic Studies; Introduction to Microeconomics; Scope and Purpose of Microeconomics and its Significance in Business Decision Making; Microeconomics and Macroeconomics - basic differences; Need for Economic Models, Assumptions, Theories, Laws and Hypotheses in Microeconomics.
Learning Unit Two Net Contact Hours - 10 hrs	2. Basics of Demand and Supply Analysis Concepts of Demand and Supply: Individual and Market Demand and Supply; Demand and Supply Curves, Schedules and Factors affecting Demand and Supply; Movements along Demand/Supply Curves and their shifts; Concepts, Types and Measurements of and Factors affecting Elasticities of Demand and Supply (point and arc elasticity); Market Mechanism as an Interplay of Demand and Supply; Producer Surplus; Consumer Surplus; Effects of Government Intervention, Effects of Price Ceiling and Price Floor and Dead Weight Loss; Concepts of Externalities.
Learning Unit Three Net Contact Hours - 6 hrs	3. Consumer Behavior Concepts of Utility: Cardinal and Ordinal; Basic Understanding of the Law of Diminishing Marginal Utility; Indifference Curves Analysis: Concept, Properties, MRS; Consumer's Equilibrium: Interplay of the Budget Line and Indifference Curves, Price Effect, Income Effect, Substitution Effect and Effects of changes in Income and Prices.
Learning Unit Four <i>Net Contact Hours - 6 hrs</i>	4. Theory of Production Concepts of Production, Factors of Production and Introduction to Production Functions; Production with One variable Input - Law of Variable Proportions; Concepts of Total, Average and Marginal products; Production with two variable inputs: Production Isoquants, Isocost Lines, Least cost combination of factors, MRTS and two special cases of Production Functions - Perfect Substitutes and Perfect Complements; Introduction to the Laws of Returns to Scale.
Learning Unit Five Net Contact Hours - 8 hrs	5. Costs and Revenues Concepts of Costs: Economic Costs, Accounting Costs, Sunk Costs; Short-run and Long-run costs: Total, Average and Marginal Costs; Schedules, Curves, Characteristics and their interrelationships; Economies and Diseconomies of Scale; Concepts of Revenues: Total, Average and Marginal Revenues under conditions of Perfect and Imperfect Competition; Concepts of and conditions for Profit Maximization by Firms.
Learning Unit Six Net Contact Hours – 10 hrs	6. Market Forms and Product Pricing Concept of Markets and Introduction to Market Forms, Important features of different Market Forms and basic concept of degrees of Market Power exercised; Perfect Competition: Features, Pricing and Production Decisions in the Short and Long-run Time periods; Monopoly: Features, Pricing and Production Decisions in the Short and Long-run Time periods, Social Costs of Monopoly, Sources of Monopoly Power, Monopoly and Consumer's Surplus and First, Second and Third Degree Price Discrimination; Monopolistic Competition: Features, Pricing and Production Decisions in the Short and Long-run Time Periods; Oligopolistic Competition: Features and Basic Distinction from Monopolistic Competition.
Learning Unit Seven Net Contact Hours - 4 hrs	7. Markets for Factor Inputs and Factor Pricing Concept of Factor Markets: Demand for and Supply of Factors of Production; Preliminary notion of the Determination of Rent, Wages, Interest and Profit.

Total Contact Hours	48 hrs (excluding assessment and final examination)
Basic Text	<ol style="list-style-type: none"> 1. Pindyck, Robert S. Daniel L. Rubinfeld, Metha, Prem L. (2009) <i>Microeconomics</i> (7th Edition, Impression 2012) India: Pearson Education Inc. 2. Salvatore, Dominick (2003), <i>Microeconomics Theory and Applications</i>, 4th Edition, Impression 2007, Oxford University Press, New York
Other References	<ol style="list-style-type: none"> 1. Lipsey, Richard G. and K. Alec Chrystal (2011), <i>Economics</i>, 12th Edition, Great Britain: Oxford University Press. 2. Mankiw, N. Gregory (2012), <i>Principles of Microeconomics</i>, 6th Edition, First Indian Reprint, Akash Press, New Delhi.
Evaluation Scheme	In-Semester evaluation 50% End-Semester evaluation 50% Total 100%

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