

**KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI**

<u>BS (BBA) – V</u>	
Course Title	: MICRO ECONOMICS
Course Number	: BA(BS) – 521
Credit Hours	: 03

Course Contents

1. Demand and Supply Analysis: Introduction

- 1.1. Distinguish Among Types of Markets;
- 1.2. Explain the Principles of Demand and Supply;
- 1.3. Describe Causes of Shifts in and Movements Along Demand and Supply Curves;
- 1.4. Describe the Process of Aggregating Demand and Supply Curves;
- 1.5. Describe the Concept of Equilibrium (Partial and General), and Mechanisms by which Markets Achieve Equilibrium;
- 1.6. Distinguish between Stable and Unstable Equilibrium, Including Price Bubbles, and Identify Instances of Such Equilibrium;
- 1.7. Calculate and Interpret Individual and Aggregate Demand, and Inverse Demand and Supply Functions, and interpret Individual and Aggregate Demand and Supply Curves;
- 1.8. Calculate and Interpret the Amount of Excess Demand or Excess Supply Associated with a Non–Equilibrium Price;
- 1.9. Describe Types of Auctions and Calculate the Winning Price(s) of an Auction;
- 1.10. Calculate and Interpret Consumer Surplus, Producer Surplus, and Total Surplus;
- 1.11. Describe How Government Regulation and Intervention Affect Demand and Supply;
- 1.12. Forecast the Effect of the Introduction and the Removal of a Market Interference (e.g., a Price Floor or Ceiling) on Price and Quantity;
- 1.13. Calculate and Interpret Price, Income, and Cross–Price Elasticity's of Demand and Describe Factors that Affect Each Measure.

2. Elasticity

- 2.1. Price Elasticity of Demand
- 2.2. More Elasticity's of Demand
- 2.3. Elasticity of Supply

3. Efficiency

- 3.1. Self–Interest and Social Interest
- 3.2. Resource Allocation Methods
- 3.3. Demand and Marginal Benefits

- 3.4. Supply and Marginal Cost
- 3.5. Is the Competitive Market Efficient?
- 3.6. Is the Competitive Market Fair?

4. Markets In Action

- 4.1. Housing Markets and Rent Ceilings
- 4.2. The Labor market and the Minimum Wage Taxes
- 4.3. Subsidies and Quotas
- 4.4. Markets for Illegal Goods

5. Demand and Supply Analysis: Consumer Demand

- 5.1. Describe Consumer Choice Theory and Utility Theory;
- 5.2. Describe the Use of Indifference Curves, Opportunity Sets, and Budget Constraints in Decision Making;
- 5.3. Calculate and Interpret a Budget Constraint;
- 5.4. Determine a Consumer's Equilibrium Bundle of Goods Based on Utility Analysis;
- 5.5. Compare Substitution and Income Effects;
- 5.6. Distinguish between Normal goods and Inferior Goods, and Explain Giffen Goods and Veblen Goods in this Context.

6. Organizing Production

- 6.1. The Firm and its Economic Problem
- 6.2. Technology and Economic Efficiency
- 6.3. Information and Organization
- 6.4. Markets and the Competitive Environment
- 6.5. Markets and Firms

7. Demand and Supply Analysis: The Firm

- 7.1. Calculate, Interpret, and Compare Accounting Profit, Economic Profit, Normal Profit, and Economic Rent;
- 7.2. Calculate and Interpret and Compare Total, Average, and Marginal Revenue;
- 7.3. Describe a Firm's Factors of Production;
- 7.4. Calculate and Interpret Total, Average, Marginal, Fixed, and Variable Costs;
- 7.5. Determine and Describe Breakeven and Shutdown Points of Production;
- 7.6. Describe Approaches to Determining the Profit-Maximizing Level of Output;
- 7.7. Describe How Economies of Scale and Diseconomies of Scale Affect Costs;
- 7.8. Distinguish between Short-Run and Long-Run Profit Maximization;
- 7.9. Distinguish Among Decreasing-Cost, Constant-Cost, and Increasing-Cost Industries and Describe the Long-Run Supply of Each;
- 7.10. Calculate and Interpret Total, Marginal, and Average Product of Labor;
- 7.11. Describe the Phenomenon of Diminishing Marginal Returns and Calculate and Interpret the Profit-Maximizing Utilization Level of an Input;
- 7.12. Determine the Optimal Combination of Resources that Minimizes Cost.

Contents

Output and Costs
Decision Time Frames
Short-Run Technology Constraint
Short-Run Cost
Long-Run Cost

9. The Firm and Market Structures

- 9.1. Describe Characteristics of Perfect Competition, Monopolistic Competition, Oligopoly, and Pure Monopoly;
- 9.2. Explain Relationships between Price, Marginal Revenue, Marginal Cost, Economic Profit, and the Elasticity of Demand under each Market Structure;
- 9.3. Describe a Firm's Supply Function under each Market Structure;
- 9.4. Describe and Determine the Optimal Price and Output for Firms under each Market Structure;
- 9.5. Explain Factors Affecting Long-Run Equilibrium under each Market Structure;
- 9.6. Describe Pricing Strategy under each Market Structure;
- 9.7. Describe the Use and Limitations of Concentration Measures in Identifying Market Structure;
- 9.8. Identify the Type of Market Structure within which a Firm Operates.

10. Perfect Competition

- 10.1. What is Perfect Competition?
- 10.2. The Firm Decision in Perfect Competition
- 10.3. Output, Price and Profits in Perfect Competition
- 10.4. Changes in Tastes and Advancing Technology
- 10.5. Competition and Efficiency

11. Monopoly

- 11.1. Market Power
- 11.2. A Single Price Monopoly Output and Price Decision
- 11.3. Single Priced Monopoly and Competition Compared
- 11.4. Price Discrimination
- 11.5. Monopoly Policy Issues

12. Monopolistic Competition and Oligopoly

- 12.1. What is Monopolistic Competition?
- 12.2. Price and Output in Monopolistic Competition
- 12.3. Product Development and Marketing
- 12.4. What is Oligopoly?
- 12.5. Two Traditional Oligopoly Models
- 12.6. Oligopoly Games
- 12.7. Repeated Games and Sequential Games

13. Economics of Regulation

- 13.1. The candidate should be able to:
- 13.2. Describe Classifications of Regulations and Regulators;
- 13.3. Describe Uses of Self-Regulation in Financial Markets;

- 13.4. Describe the Economic Rationale for Regulatory Intervention;
- 13.5. Describe Regulatory Interdependencies and Their Effects;
- 13.6. Describe Tools of Regulatory Intervention in Markets;
- 13.7. Explain Purposes in Regulating Commerce and Financial Markets;
- 13.8. Describe Anticompetitive Behaviors Targeted by Antitrust Laws Globally and Evaluate the Antitrust Risk Associated with a Given Business Strategy;
- 13.9. Describe Benefits And Costs of Regulation;
- 13.10. Evaluate How a Specified Regulation Affects an Industry, Company, Or Security?

Contents

Regulation and Antitrust Policy in A Globalized Economy
Forms of Industry Regulations
Regulating Natural Monopoly
Regulating Non-Monopolistic Industries
Incentives and Cost of Regulation
Antitrust Policy
Antitrust Enforcement

Recommended Books

1. Karl, E. C. & Ray, C. F. (2007). *Principles of Economics*. 8th Edition, Prentice Hall.
2. McConnell, C. & Bruce, S. (2009). *Economics*. McGraw-Hill.
3. Michael, P. (1990). *Economics*. Addison-Wesley.
4. Samuelson, P. A. & Nordhaus, W. D. (2010). *Economics*. McGraw-Hill Inc.
5. CFA Curriculum