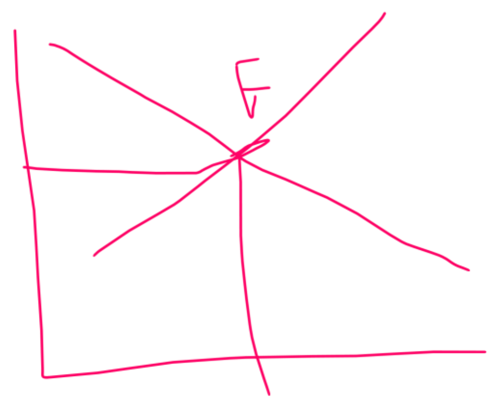
Unit-one

Meaning of Microeconomics

Microeconomics is a branch of economics that studies individual units of the economy, such as consumers, firms, and markets. It focuses on how decisions are made regarding the allocation of limited resources. सूक्ष्मअर्थशास्त्र अर्थशास्त्रको त्यो शाखा हो जसले व्यक्तिहरू, उपभोक्ताहरू, फर्महरू र साना बजारहरूको अध्ययन गर्छ। यसले सीमित स्रोतहरूको उपयोगमा कसरी निर्णय लिइन्छ भनेर अध्ययन गर्छ।)

Scope of Microeconomics

A : 20
B : 20



English:

1. Theory of Consumer Behavior
2. Theory of Production and Costs
3. Price Determination in Different Markets
4. Distribution of Income
5. Welfare Economic
6. Factor Pricing

A
B

1. उपभोक्ताको व्यवहारको सिद्धान्त
2. उत्पादन र लागतको सिद्धान्त
3. विभिन्न बजारमा मूल्य निर्धारण
4. आम्दानीको वितरण

5. कल्याण अर्थशास्त्र

◆ Uses of Microeconomics

- Helps in resource allocation
- Pricing of goods and services
- Analyzing consumer behavior
- Policy formulation
- Understanding market mechanisms

- स्रोतको प्रभावकारी प्रयोगमा सहयोग
- वस्तु तथा सेवाको मूल्य निर्धारण
- उपभोक्ता व्यवहारको विश्लेषण
- नीति निर्माणमा सहायक
- बजारको कार्यप्रणाली बुझ्न सहयोगी

◆ Limitations of Microeconomics (सिमाहरु)

- Ignores aggregate economic analysis
- Cannot solve macroeconomic issues like unemployment
- Assumes rational behavior
- Static in nature

- समष्टिगत विश्लेषणलाई बेवास्ता गर्छ
- बेरोजगारीजस्ता समस्या समाधान गर्न असक्षम

- मानवीय व्यवहार सधैं तर्कसंगत हुन्छ भन्ने मान्यता
- स्थिर प्रकृतिको हुन्छ

📘 BUSINESS ECONOMICS

🔹 Nature of Business Economics

English:
Business economics is applied economics that uses microeconomic theories for decision-making in business(व्यवसायिक अर्थशास्त्र अनुप्रयुक्त अर्थशास्त्र हो जसले व्यवसायिक निर्णयहरू गर्न सूक्ष्मअर्थशास्त्रका सिद्धान्तहरू प्रयोग गर्छ।)

🔹 Scope of Business Economics

1. Demand analysis and forecasting
2. Production and cost analysis
3. Pricing and output decisions
4. Profit management
5. Capital management

1. माग विश्लेषण र पूर्वानुमान
2. उत्पादन र लागत विश्लेषण
3. मूल्य र उत्पादनको निर्णय
4. नाफा व्यवस्थापन

5. पूँजी व्यवस्थापन

📘 Ten Principles of Economics (VVVI)

The **Ten Principles of Economics** were popularized by **N. Gregory Mankiw** in his seminal textbook *Principles of Economics* (1st edition, 1997). While Mankiw synthesized these principles, they are rooted in foundational economic theories developed by classical and modern economists over centuries. Here's a concise breakdown:(**अर्थशास्त्रका १० सिद्धान्तहरू** प्रसिद्ध अर्थशास्त्री **एन. ग्रेगरी म्यान्किउ** (N. Gregory Mankiw) द्वारा सन् १९९७ मा प्रकाशित *Principles of Economics* नामक पुस्तक (प्रथम संस्करण) मार्फत लोकप्रिय बनाइएका हुन्। यद्यपि यी सिद्धान्तहरू म्यान्किउले संक्षिप्त र सरल शैलीमा प्रस्तुत गरेका हुन्, तिनीहरू सयौं वर्षदेखि परम्परागत (classical) र आधुनिक (modern) अर्थशास्त्रीहरूले विकास गरेका आधारभूत आर्थिक सिद्धान्तहरूमा आधारित छन्।)

1. People Face Trade-offs (मानिसहरूले सधैं विकल्पहरूको सामना गर्छन्)

"To get one thing, we usually have to give up another."
Every decision involves trade-offs. For example, spending time studying economics may mean giving up time for sports or entertainment.

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2. The Cost of Something Is What You Give Up to Get It(कुनै पनि वस्तुको लागत भनेको त्यसलाई प्राप्त गर्न त्यागिएको वस्तु हो)

"Opportunity cost is the real cost."
The opportunity cost of a decision is the next best alternative foregone. If you go to college, the cost isn't just tuition, but also the money you could have earned working.

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3. Rational People Think at the Margin(विवेकशील मानिसहरूले सीमांत सोचको आधारमा निर्णय लिन्छन्।)

"Decisions are made by comparing marginal benefits and marginal costs."
Rational people make decisions by evaluating small (marginal) changes. For example, deciding whether to study one more hour depends on how much benefit it gives vs. the effort it takes.

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4. People Respond to Incentives (मानिसहरू प्रोत्साहनप्रति प्रतिक्रिया जनाउँछन्।)

"Behavior changes when costs or benefits change."
People respond to rewards and penalties. For example, when fuel prices rise, people may choose to drive less or buy more fuel-efficient vehicles.

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5. Trade Can Make Everyone Better Off (व्यापारले सबैलाई अझ राम्रो बनाउन सक्छ।)

"Trade allows specialization and benefits all parties."
Countries or individuals can gain from trade by specializing in what they do best. It increases overall production and consumption possibilities.

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6. Markets Are Usually a Good Way to Organize Economic Activity(सामान्यतया बजार प्रणालीले आर्थिक गतिविधिलाई राम्रोसँग संगठित गर्छ।)

"In a market economy, the invisible hand guides resources efficiently."
Free markets allocate resources through the interaction of buyers and sellers. Government interference can sometimes disrupt this efficiency.

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7. Governments Can Sometimes Improve Market Outcomes(कहिलेकाहीँ सरकारले बजारको नतिजा सुधार गर्न सक्छ।)

"Government roles include enforcing rules, correcting market failures, and promoting equity."
While markets are generally efficient, governments are needed to enforce laws, protect property rights, and regulate issues like pollution or monopoly.

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8. A Country's Standard of Living Depends on Its Ability to Produce Goods and Services(देशको जीवनस्तर उसले उत्पादन गर्ने वस्तु र सेवामा निर्भर हुन्छ।)

"Productivity determines living standards."
Countries that produce more goods and services per worker enjoy a higher standard of living. Education, technology, and capital investment improve productivity.

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9. Prices Rise When the Government Prints Too Much Money(सरकार अत्यधिक पैसा छाप्दा मूल्यवृद्धि (महँगी) हुन्छ)

"Inflation occurs when money supply grows faster than output."
Excessive money printing reduces the value of money, leading to inflation. Central banks manage the money supply to keep inflation stable.

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1. **10. Society Faces a Short-Run Trade-off Between Inflation and Unemployment(छोटो अवधिमा महँगी र बेरोजगारीबीच साटासाट सम्बन्ध रहन्छ।)**

"There's often a short-run inverse relationship between inflation and unemployment."
Increasing money supply can reduce unemployment in the short term, but causes inflation. This is described by the Phillips Curve.

📘 Production Possibility Curve (PPC)-10 marks

The Production Possibility Curve (PPC), also called the Production Possibility Frontier (PPF), is a graphical representation that shows the maximum possible output combinations of two goods or services that an economy can produce using all available resources efficiently(उत्पादन सम्भाव्यता वक्र (Production Possibility Curve – PPC) अथवा उत्पादन सम्भाव्यता सीमा (Production Possibility Frontier – PPF) भनेको दुई वस्तुहरू बीचको अधिकतम सम्भावित उत्पादन संयोजन देखाउने रेखाचित्र हो, जुन एक अर्थतन्त्रले उपलब्ध स्रोतहरू पूर्ण र प्रभावकारी रूपमा प्रयोग गरेर उत्पादन गर्न सक्छ।)

📘 Assumptions of Production Possibility Curve (PPC)

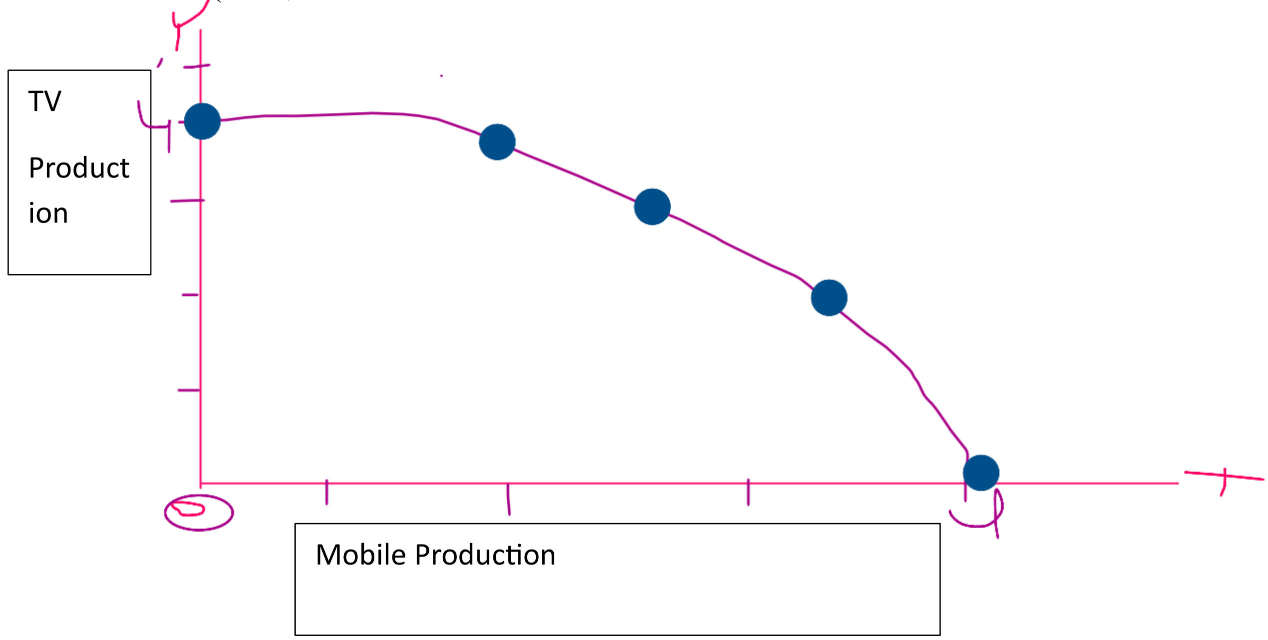
1. Only two goods are produced
2. Fixed resources
3. Fixed technology
4. Efficient use of resources (स्रोत र साधनको समुचित प्रयोग)
5. Resources are not equally suitable for all goods

रेखाचित्र (Table and Curve)

Table

Grade	TV	Mobile
A	0	4
B	1	3
C	2	2
D	3	1
E	4	0

Curve (रेखाचित्र)



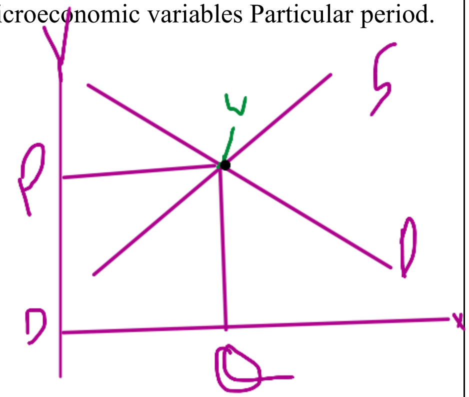
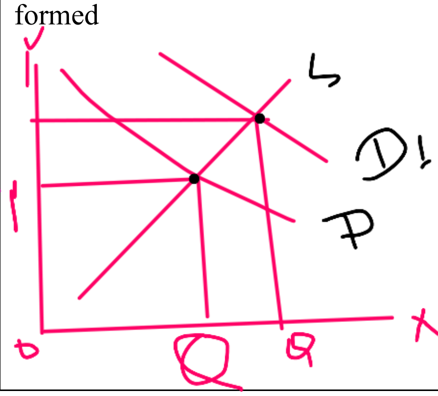
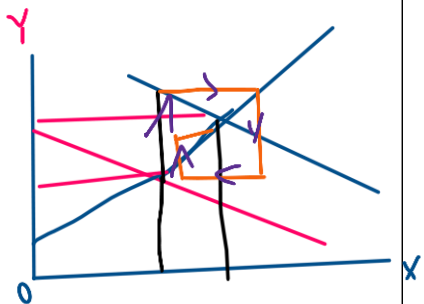
Important Question

1. What is microeconomics? writes its scope and usages of microeconomics. (सूक्ष्मअर्थशास्त्र भन्नाले के बुझिन्छ? यसको प्रयोग र क्षेत्रको बारेमा छोटकरीमा वर्णन गर।

2. Describe briefly about ten principle of economics, and also mention the meaning of business economics (अर्थशास्त्रका दश सिदान्तको बारेमा छोटकरीमा लेख । ब्यसायिक अर्थशास्त्र भन्नाले के बुझिन्छ लेख)
3. उत्पादन सम्भाव्यता बक्ररेखाको बारेमा सचित्र ब्याख्या गर। (Describe the production possibility curve by using table and curve)

Types of Microeconomic or Microeconomic equilibrium analysis

1. Static Micro Economic Analysis
2. Comparative Static Analysis
3. Micro Dynamic Analysis

Static Microeconomic Analysis	Comparative Static Analysis	Micro Dynamic Analysis
It deals with the equilibrium of a between microeconomic variables Particular period. 	-It is a comparative study of two or more equilibrium points at different time period. -It deals with the process by which new equilibrium in the market is formed 	=) It explains all types of changes that occured between two equilibrium. =) It can find the path followed by the System over time in to new equilibrium. moving from old 

Important Question

a. Explain the different types of equilibrium analysis in microeconomics (सूक्ष्मअर्थशास्त्रको सन्तुलनका प्रकाहरुको बारेमा सचित्र ब्याख्या गर्।

b. What is micro static analysis (स्थिर-सूक्ष्म बिश्लेषण भन्नाले के बुझिन्छ लेख

c. What is micro dynamic analysis what is formed explain it (परिवर्तनशिल सूक्ष्म बिश्लेषण कसरि निर्माण हुन्छ?