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# Concepts of Microeconomics - GK

## Notes for Bank & SSC Exams in PDF

Studying about Microeconomics and its concepts is essential for the preparation of any Government Recruitment Exam. If you are preparing for any exams like SSC CGL, SSC CPO, SSC MTS, IBPS PO, IBPS RRB, etc then you can go through this article on the Concepts of Microeconomics and study about it in details. Get aware about Markets, Goods, Demand & Supply, Marginal Utility Curve, etc. You will also find some memory tips to remember important Concepts in Microeconomics. You can also take some [Online GK Mock Tests](#) to boost up your preparation!

### Concepts of Microeconomics - An Introduction

Understanding the concepts of microeconomics is very important because microeconomics is the study of the economic behaviour of individual units of an economy. The individual units comprise persons, households, firms or industries. Microeconomics does not explain what should happen in a market; instead, it explains what one should expect if certain conditions change.

Here we will focus on the most important concepts of microeconomics. They are:

- Markets
- Goods
- Demand and Supply
- Marginal Utility Curve
- Consumer Demand Theory
- Welfare Economics





Let's start with the most important concept of microeconomics – **Market**.

## Market - Concepts of Microeconomics

In layman terms, a market is a place where sellers sell products and buyers buy products. Given below are the major forms of markets along with their descriptions:

Terms	Definations
Perfect Competition	There are many different firms that are making a homogenous product or service
Monopolistic Competition (Also called as competitive market)	This form of market is characterised by a large number of independent firms and each firm has a very small proportion of the overall market share
Oligopoly	In this form of market, there are a small number of firms that have more than 40% of the market share
Oligopsony	In this market, there are many sellers and very few buyers
Monopoly	In this market, there is only one seller of the product or service
Monopsony	A market in which there is only one buyer

Among all the concepts of microeconomics, you will find that Price Determination is also an important concept that should not be missed. Price Determination is the interaction of the free market forces of demand and supply for the establishment of the general level of price for a product or service.

## Goods - Concepts of Microeconomics

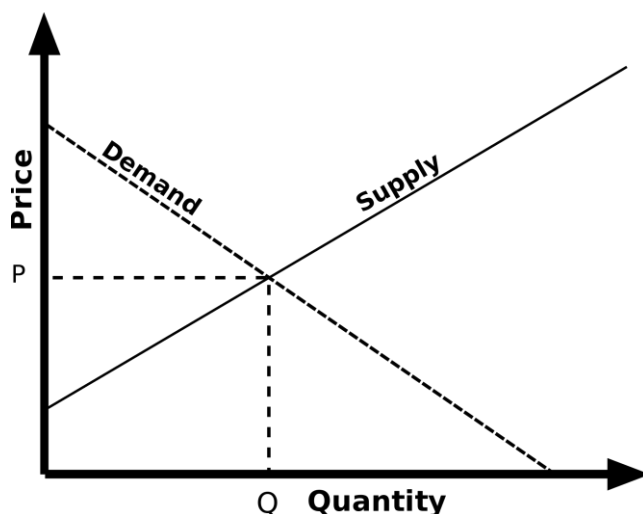


These are tangible products that meet the needs of consumers. Here is a table that gives a brief explanation of the types of goods:

Types of Goods	Description
<b>Normal Goods</b>	An increase in income causes an increase in demand for normal goods. So, income is directly proportional to demand.
<b>Inferior Goods</b>	An increase in income causes a decrease in demand of such kinds of goods. So, income is inversely proportional to demand.
<b>Luxury Goods</b>	An increase in income causes a substantial increase in demand of luxury goods. So, like normal goods, luxury goods too have the same correlation
<b>Giffen Goods</b>	These are inferior goods that people consume more even if the price rises.
<b>Veblen / Snob Goods</b>	In such goods, the increase in price of the goods encourages people to buy more of them.

## Demand & Supply - Concepts of Microeconomics

**Demand and Supply** are two pillars of the microeconomics and are considered to be very important concepts of microeconomics. Demand refers to how much of a product or service is desired by buyers and Supply shows how much a market can offer to the buyers.



## Other Important Concepts of Microeconomics

### #1. Marginal Utility Curve

This curve shows the relation between the marginal utility obtained from consuming an additional unit of product and the quantity of the product consumed.

### #2. Consumer Demand Theory

This theory emphasizes on the relationship between consumer demand for goods/services and their prices.

### #3. Welfare Economics

Welfare economics uses microeconomic techniques to evaluate the welfare or well-being at the aggregate level.

The aforementioned concepts of microeconomics are highly important concepts and provide you with the right path for all kinds of research or study.



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