JYOTI NIVAS COLLEGE AUTONOMOUS
B.COM –FIRST SEMESTER
BUSINESS ECONOMICS-I

60 hours

Objectives:

- To help students understand the behaviour of an economic agent- a consumer, producer, a factor owner.
- To enable the student to appreciate the utility of economics in managing a business.
- To apply and understand economic principles.

Learning outcome

- To understand the relationship between business and economics.
- To understand various fundamental concepts which helps to understand the real world economics
- To analyze the behavior of consumer in the economic activities.
- To understand the various aspects of demand and analyze the demand forecasting for economy.
- To analyze the production process and also understand the market forces.
- To analyze various cost concepts and understand the cost behavior in different time periods.
- To analyze the concepts of profit and to understand the process of profit planning.

MODULE: 1 MANAGERIAL ECONOMICS (6 hrs)

Meaning, definitions, scope of managerial economics [2], goals of business: organizational goals, economic goals, social goals and strategic goals [2].Fundamental economic concepts- incremental, time, marginal, discounting, risk and uncertainty, optimization, opportunity cost (2)

MODULE: 2 THEORY OF CONSUMER BEHAVIOUR (11 hrs)

Cardinal utility- Law of DMU (concept)(1) ,Equi marginal utility[2], consumer surplus [Marshallian][1].ordinal utility- indifference curves–properties[3], consumer equilibrium (indifference curve)[2], income effect, price effect substitution effect[concept only][2],

MODULE: 3 DEMAND ANALYSIS AND DEMAND FORECASTING (16 hrs)

The law of demand, reasons for downward sloping demand curve(1), exceptions to the law of demand(1), changes in demand(1), elasticity of demand: types- income, cross, advertising[1], [price (degrees of price elasticity)[1],measurement of elasticity-geometric, point, arc, total outlay method (numerical on total outlay method)[3], factors affecting price elasticity[1] and applications of price elasticity[1].

Demand forecasting: objectives [1], methods of demand forecasting: survey of buyers intention, collective opinion, trend projection (numericals), economic indicators [4], demand forecasting for a new product [1]

MODULE: 4 PRODUCTION ANALYSIS (15hrs)

Production functions-one variable input- the law of variable proportions [3], Isoquants-properties [2], principle of marginal rate of technical substitution [1], iso-cost lines [1], producers equilibrium (expansion path) [3]; laws of returns to scale [2].
Supply: factors, law of supply [2], elasticity of supply [concept][1]

MODULE: 5 COST, REVENUE AND PROFIT ANALYSIS (12 hrs)

Cost concepts - fixed cost and variable cost, explicit cost and implicit cost, opportunity cost and incremental cost [2], total cost, average cost and marginal cost behavior in the short run and long run[4] . Revenue analysis-total, average, marginal [1].

Concepts of profits- gross profit and net profit, accounting profit and economic profit, normal profit and super normal profit, monopoly profit and earning of management, profit as a functional reward, windfall profit [3]. Profit planning- Break even analysis [theory only] [2]

Books for reference:
Basic Reading List

1. Ahuja, H.L ; Business Economics, S.Chand and Company Ltd, New Delhi.
2. Jhingan, M.L and Stephen, J.K : 'Managerial Economics', Vrinda Publishing (P) Ltd, New Delhi
3. Mehta, P.L; 'Managerial Economics', Sultan Chand and Sons, New Delhi.
4. Mithani, D.M ; 'Managerial Economics', Himalaya Publishing House, New Delhi
5. Pindyck Robert S. , Rubinfeld Daniel L., Prem L. Mehta, 'Micro Economics', Seventh Edition, Pearson Publications.
6. Salvatore, Dominick, Managerial Economics in a Global Economy, IV Edition, Thomson South Western.
7. Varshney, R.L and Maheswari, K.L ; 'Managerial Economics', Sultan Chand and Sons, New Delhi

Additional Reading List

1. Damodaran, Suma, Managerial Economics, II Edition, Oxford University Press, New Delhi.
2. Koutsoyiannis: Modern Micro Economics.
3. Sundram K.P.M: 'Micro Economics', Sultan Chand and Sons, New Delhi.

Practical Component of the Syllabus

BUSINESS ECONOMICS: I

1. Social responsibility of business- a case study of a company.
2. Role of government in business.
3. Elasticity of demand-numerical problem; case study.
4. Electronic commerce- case study.
5. International Economies of Scale.
6. Learning curve.