

## SEMESTER-II

### COURSE 4: BUSINESS ECONOMICS

Theory

Credits: 4

4 hrs/week

#### **Course Objectives:**

- Understand the concept of economics and its relevance to business.
- Comprehend the concept of Demand analysis for making important business decisions
- Learn to apply the concepts of cost and Break-even analysis and learn various theories on production.
- Understand concepts of perfect competition and monopoly for fixation of prices.
- Understand the international business scenario and concepts of BOP.

#### **Unit-I: INTRODUCTION**

Meaning and Definitions of Business Economics - Nature and Scope of Business Economics -Micro and Macro Economics and their Interface.

#### **UNIT-II: DEMAND ANALYSIS**

Meaning and Definition of Demand, Determinants to Demand. Demand Function, Law of Demand, Demand Curve, Exceptions to Law of Demand. Elasticity of Demand, Measurement of Price Elasticity of Demand.

#### **UNIT – III: PRODUCTION, COST AND REVENUE ANALYSIS**

Concept of Production Function, Law of Variable Proportion, Law of Returns to Scale. Concept of Total Revenue, Average Revenue and Marginal Revenue. Classification of Costs ,Break -Even Analysis, applications of Break- Even analysis.

#### **UNIT-IV: MARKET STRUCTURE**

Concept of Market – Classification of Markets. Perfect Competition–Characteristics, Equilibrium Price, Monopoly – Characteristics, Equilibrium under Monopoly.

#### **UNIT-V: NATIONAL INCOME AND STRUCTURAL REFORMS**

Concepts of National Income- Definition, Measurement of National Income. Trade cycles – Meaning, Phases. Benefits of International Trade, Balance of Trade, Balance of Payments.

Concepts of Economic liberalization, Privatization, Globalization. WTO- Objectives, Functions.

**Reference Books:**

1. Aryasri and Murthy- Business Economics - Tata McGrawHill.
2. H.L Ahuja - Business Economics - Sultan Chand & Sons.
3. S.Sankaran - Business Economics - Margham Publications.
4. P.C.Chopra - Business Economics –Kalyani Publications.
5. Deepasree - Business Economics - Himalaya Publishing House.