

UNDERGRADUATE PROGRAMME IN COMMERCE

SEMESTER IV

PAPER NO - 9: BUSINESS ECONOMICS

Marks: 100 (Theory = 75, Internal Assessment = 25)

Objective: The objective of this paper is to acquaint the students with the basic principles of micro and macro economics.

Lectures: 48

Section A

1. Unit I: 2 Lectures

Introduction: Meaning and Scope of Business Economics, Micro and Macro Economics. Demand and Supply: Concept, Determinants and Law of Demand and Law of Supply.

2. Unit II: 4 Lectures

Elasticity of Demand: Meaning, Factors and Measurement. Concepts of Cross and Income Elasticity of Demand and Relationship between Revenue and Elasticity of Demand.

3. Unit III: 6 Lectures

Theory of Consumer Behaviour: Indifference Curve and Properties of Indifference curve, Consumer equilibrium, Price elasticity and Price Consumption Curve, Price effect – Income and Substitution Effect, Derivation of Demand curve in case of Normal, Inferior and Giffen goods and Shape of indifference curve in case of normal goods, bads and neutrals.

4. Unit IV: 4 Lectures

Cost of Production: Concepts – Social and Private cost of Production, Economic, Accounting and Opportunity cost, Short run and Long run(LAC and LMC) cost of production

5. Unit V: 11 Lectures

Market Structures: Price and output determination under different market forms.

Perfect competition: Short run (Marginal Approach), Long Run equilibrium and Derivation of Supply curve.

Monopoly: Absence of supply curve under monopoly, Monopoly power, Dead weight loss and price discrimination (3rd degree price discrimination)

Monopolistic Competition: Short run and Long Run equilibrium

Oligopoly: Prisoners dilemma, Kinked demand curve model and Cartels (OPEC and CIPEC)

Section B

6. **Unit VI:** **8 Lectures**

Determination: Consumption, Saving and Investment, AD-AS Approach and S-I Approach, Multiplier (two sector) and numericals.

7. **Unit VII:** **4 Lectures**

Theory of Inflation: Causes and effect, Demand pull and Cost push inflation and measures to control inflation.

8. **Unit VIII:** **4 Lectures**

Monetary and Fiscal Policy: Meaning, Objectives and Instruments

9. **Unit IX:** **5 Lectures**

Balance of Payments: Meaning, Balance of Trade, Current and Capital Account, Autonomous and Accommodating transactions and Measures to control disequilibrium in Balance of Payments.

READINGS:

Essential Readings:

1. Salvatore, D. Schaum's, *Outline of Theory and Problems of Microeconomic Theory*, McGraw-Hill, International Edition, New Delhi.
2. Dornbusch, Rudiger, and Stanley Fischer, *Macroeconomics*, McGraw-Hill.
3. Ahuja, H.L., *Business Economics*, S. Chand & Co., New Delhi.

Suggested Readings:

1. Pindyck, R.S., and D.L. Rubinfeld, *Microeconomics*, Prentice-Hall of India Pvt. Ltd.
2. Deepashree, *Business Economics*, Ane Books Pvt. Ltd., New Delhi.
3. Varian, H.R., *Intermediate Microeconomics: A Modern Approach*, Affiliated East-West Press, New Delhi.
4. Mankiw, N. Gregory, *Macroeconomics*, Macmillan Worth Publishers New York, Hampshire U.K.
5. Dornbusch, Rudiger., Fischer, Stanley, and Richard Startz, *Macroeconomics*, Irwin/McGraw-Hill, Singapore.

Note: Latest edition of text book may be used.