

FYBCOM
BUSINESS ECONOMICS
SEM I

ACADEMIC YEAR

2016-17

OBJECTIVES:

LEARN MICRO ECONOMICS AND APPLICATION TO BUSINESS

APPLICATION THROUGH CASE STUDIES

HELP STUDENTS UNDERSTAND DECISION MAKING PROCESS OF BUSINESS

Module I

Introduction

Scope and Importance of Business Economics –

basic tools- Opportunity Cost principle

Incremental and Marginal Concepts.

Basic economic relations - functional relations:

equations- Total, Average and Marginal relations-

Use of Marginal analysis in decision making.

The basics of market demand, market supply and equilibrium price-

shifts in the demand and supply curves and equilibrium

Module II

Demand Analysis

Demand Function - nature of demand curve under different markets

Meaning, significance, types and measurement of elasticity of demand (Price, income cross and promotional) –

relationship between price elasticity of demand and revenue concepts

Demand Estimation and forecasting: Meaning and significance –

methods of demand

estimation- survey and statistical methods (numerical examples on trend analysis and simple linear regression)

Module III

Supply and Production Decisions:

Production function: short run analysis with Law of Variable Proportions-
Production

function with two variable inputs- isoquants, ridge lines and least cost
combination of inputs

Long run production function and Laws of Returns to Scale –

expansion path –

Economies and diseconomies of Scale and economies of scope

Module IV

Cost of Production:

Cost concepts: accounting cost and economic cost, implicit and explicit cost, social and

private cost, historical cost and replacement cost, sunk cost and incremental cost - fixed and variable cost - total, average and marginal cost –

Cost Output Relationship in the Short Run and Long Run- (hypothetical numerical problems to be discussed)

Extension of cost analysis: Cost reduction through experience- LAC and Learning curve

Break Even Analysis (with business application)

Question Paper Pattern

(Business Economics Paper I & II)

Maximum Marks: 100

Questions to be set: 06

Duration: 03Hrs.

Question No	Particular	Marks
Q-1	Objective Questions	
	A) Sub Questions to be asked 07 and to be answered any 05	
	B) Sub Questions to be asked 12 and to be answered any 10	
	(*Multiple choice / True or False / Match the columns/Fill in the blanks)	20
Q-2	Full Length Question	
	OR	
	Full Length Question	15
Q-3	Full Length Question	
	OR	
	Full Length Question	15
Q-4	Full Length Question	
	OR	
	Full Length Question	15
Q-5	Full Length Question	
	OR	
	Full Length Question	15
Q-6		20
	OR	
	Short Notes To be asked 06 To be answered 04	20

Note- Theory questions of 15 marks may be divided into two sub questions of 7/8 and 10/5.