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)*  
Questions to be set: 06  
Duration: 03Hrs.

<table>
<thead>
<tr>
<th>Question No</th>
<th>Particular</th>
<th>Marks</th>
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<tbody>
<tr>
<td>Q-1</td>
<td>Objective Questions</td>
<td></td>
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<tr>
<td></td>
<td>A) Sub Questions to be asked 07 and to be answered any 05</td>
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<tr>
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<td>B) Sub Questions to be asked 12 and to be answered any 10</td>
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(*)Multiple choice / True or False / Match the columns/Fill in the blanks

| 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 | Full Length Question OR Full Length Question | 20 |

Short Notes To be asked 06 To be answered 04  
**Note**- Theory questions of 15 marks may be divided into two sub questions of 7/8 and 10/5.