

BBA HONOURS 4th SEMESTER
DISCIPLINE SPECIFIC COURSE – II (CORE-9)

BBA420C2: BUSINESS ECONOMICS

CREDITS: THEORY: 04; TUTORIAL: 02
MAX. MARKS: THEORY: 60; TUTORIAL: 30
MIN. MARKS: THEORY: 60; TUTORIAL: 30

***COURSE OBJECTIVE:** The purpose of this course is to apply micro economic concepts and techniques in evaluating business decisions taken by firms. The emphasis is on explaining how tools of standard price theory can be employed to formulate a decision problem, evaluate alternative courses of action and finally choose among alternatives. Simple geometry and basic concepts of mathematics will be used in the course of teaching.*

A. COURSE CONTENTS (THEORY) (4 CREDITS) (60 marks)

UNIT I

Demand, Supply and Market equilibrium: individual demand, market demand, individual supply, market supply, market equilibrium; Elasticity of demand and supply: Price elasticity of demand, income elasticity of demand, cross price elasticity of demand, elasticity of supply;
Theory of consumer behavior : cardinal utility theory, ordinal utility theory(indifference curves, budget line, consumer choice, price effect, substitution effect, income effect for normal, inferior and giffen goods), revealed preference theory.

UNIT II

Producer and optimal production choice: optimizing behaviour in short run (geometry of product curves, law of diminishing marginal productivity, three stages of production), optimizing behaviour in long run (isoquants, iso-cost line, optimal combination of resources)
Costs and scale: traditional theory of cost (short run and long run), modern theory of cost (short run and long run).

UNIT III

Theory of firm and market organization: perfect competition (basic features, short run equilibrium of firm/industry, long run equilibrium of firm/industry; monopoly (basic features, short run equilibrium, long run equilibrium, price discrimination, monopolistic competition (basic features, demand and cost, short run equilibrium, long run equilibrium) ; oligopoly (kinked demand curve).

UNIT IV

Macroeconomics: Concept of national income, methods of calculation of national income Fiscal policy and Monetary Policy, Inflation factors influencing inflation, business cycles.

B. COURSE CONTENTS - TUTORIAL (2 CREDITS) (30 marks)

- **Case Study: At least one case situation to be discussed from each unit.**
- **Seminar/Presentation/Practical/Project Work/ Assignment based on case component/Theory component (Hard Copies to be submitted as well).**

SUGGESTED READINGS:

1. Dominick Salvatore (2009). Principles of Microeconomics (5th ed.) Oxford University Press
2. Lipsey and Chrystal. (2008). Economics. (11th Ed.) Oxford University Press
3. Koutosyannis (1979). Modern Micro Economics. Palgrave Macmillan
4. Pindyck, Rubinfeld and Mehta.(2009)Micro-Economics.(7thed.).Pearson.