

# Syllabus

## UNIT I : INTRODUCTION

Meaning of Economic and Non-Economic Activities-differences- Economic and Non-Economic Activities - Economics - Definitions - Meaning -economics as an art or science- economics: a positive & normative study. Nature and scope of Business Economics - micro and macro economics-definition-importance & limitations - differences between Micro & Macro Economics.

## UNIT II : UTILITY AND DEMAND ANALYSIS

**Utility**-Definition of cardinal and ordinal utility-Law of Cardinal Utility (i) Law of diminishing marginal utility (ii) Law of Equi-marginal Utility. Concept of Consumer surplus

**Demand**-meaning-individual demand, market demand—Types of Demand - Individual demand, Market Demand, Company Demand, Industry Demand, Derived Demand, Price Demand, Income Demand, Cross Demand, Short Run Demand & Long Run Demand - determinants of individual demand and market demand - Importance of demand - Law of demand- reasons for downward sloping of the demand curve - exceptions to law of demand.

## UNIT III: ELASTICITY OF DEMAND & SUPPLY ANALYSIS

**Elasticity of demand**-definition-**Types of Elasticity of Demand** (i) Price elasticity-meaning -Types of Price Elasticity of Demand - Perfectly Elastic Demand, Perfectly Inelastic Demand, Relatively Elastic Demand, Relatively Inelastic Demand, Unitary Elastic Demand - measurement - Ratio Method, Point Method & Total expenditure method only - uses of Elasticity of Demand (ii) Income Elasticity - meaning - definition - Types of Income Elasticity of Demand - Unitary Income Elasticity of Demand, Demand, Negative Income Elasticity of Demand (iii) Cross elasticity - meaning - definition - Elasticity of Demand for Substitute Goods & Complimentary Goods

**Supply** -meaning- Supply function - determinants of supply - law of supply -exception to Law of supply

## UNIT IV : COSTS & REVENUE ANALYSIS

Cost-Meaning-cost function-Concepts (Opportunity Cost, Outlay Cost, Explicit Cost & Implicit Cost, Sunk & Incremental Cost, Short run & Long run cost, Fixed & Variable Cost) - Total Cost, Marginal Cost, Average Cost - Behaviour of cost curves- **Short-run**

Short -run - Total Cost (STC), Short run Total Variable Cost (STVC), Short run Total Fixed Cost (STFC), Short run Average Fixed Cost (SAFC), Short run Average Variable Cost (SAVC), Short run Average Cost (SAC), Short run Marginal Cost (SMC), - Relationship between short run Average Cost & Marginal Cost Curve. Long Run - Characteristics of Long Run Cost - Relationship between Short Run Average Cost (SAC) and Long Run Average Cost (LAC) Curve - Features of Long run Average & — Relationship between Long run Average Cost (LAC) & Long run Marginal Cost (LMC) Curve.

**Revenue** - meaning - types of revenue & revenue curves - Marginal Revenue (M.R.), Total Revenue (T.R.) and Average Revenue (A.R.) - Under perfect competition & Monopoly only.

#### **UNIT V: PRODUCTION**

Meaning -definition of Production- -Definition & features of Factors of production - production function - simple short run & long run production function - the law of variable proportions - law of returns to scale - Causes for increasing & diminishing returns to scale - economies and diseconomies of large scale production