

**I B.COM**  
**PAPER 1: BUSINESS ECONOMICS**

1. **NATURE & SCOPE OF ECONOMICS:** - Business Economics- Meaning- Scope & Subject Matter-Economic Laws and principles- Economics and Business Environment-Business objectives-Business organisation.
2. **ORGANISATION OF PRODUCTION:** - Division of Labour-Advantages-Disadvantages & limitations- Use of machinery -Effects on Labour, productivity, employment-Large scale production- Internal and external economies- Limits to large scale production-Small Scale Production- Localisation of Industries- Nationalisation-Laws of returns -Constant, Increasing & Decreasing returns.
3. **UTILITY:** - Meaning, Total and Marginal utility-The Law of Diminishing utility-Importance and Limitations -Consumer surplus.
4. **DEMAND:-** Meaning, determinants-Law of Demand-demand curve -Exceptions to Law of demand-difference between 'change in quantity demanded' and 'change in demand'.
5. **ELASTICITY OF DEMAND:** - Meaning, Types-Price, Income and cross elasticity of demand- Price elasticity of demand-Meaning-Types (degrees), Methods of Measurement-Total outlay method, Point method, Arc Method-Factors determining elasticity of demand-practical uses/Importance.
6. **SUPPLY:-** Meaning, determinants-Law of supply, Limitations-Elasticity of supply-Cost of production-meaning, Real and opportunity cost, Money cost, Variable & Fixed costs-Total cost, Average Cost(AC) and Marginal Cost(MC) Relationship between AC and MC-cost output relationship in short-run and Long run-Revenue-Total, Average and Marginal revenue.
7. **MARKETS:** - Meaning-conditions for wide market-perfect and Imperfect competitive Market-perfect competition- Meaning & features, price and output determination-Equilibrium of the Firm and Industry in short-run and Long run. Monopoly- Meaning-Features-price and output determination-Difference between Monopoly & perfect competition-Price Discrimination-Types-Dumping. Monopolistic competition -Features -price & output determination-selling cost, Oligopoly- Meaning and Features -Meaning of Duopoly, Monopsony and Bilateral Market
8. **REVENUE AND PROFIT PLANNING:-** Factors determining revenue-sales objectives-factors affecting sales volume/ controllable and noncontrollable factors-steps in planning revenue-Methods of revenue forecasting/demand curves/plotting historical savings/analyzing economic benefits/cost determinants-input prices/efficiency/lot-size/plant size-profit and profitability -CVP analysis/Break-even-chart and its uses-cost and volume measurement/revenue and volume measurement.
9. **LONG RANGE PLANNING:-**Capital Budgeting-significance of capital budgeting/objectives-factors relevant to capital budgeting-time value of money-steps

in capital budgeting-determining time, amount and benefits- equating investments and benefits to common base-evaluation of investment decisions/total income method (Rate of return on original investment) /rate of return on average investment/payback period/Discounted cash flow (Discounted rate of returns)- sample problems.

10. **ELEMENTS OF PRICE AND PRICING PRACTICES:-**Meaning of price-importance of price-factors affecting price/cost and expenses, fashion and appeal, competition, Govt. regulation, supply and demand-goals of pricing-setting prices and pricing objectives-cost data, demand estimating, study of competition-setting specific price/pricing strategies- Discount and allowances/different types/promotional pricing/price flexibility/Geographic pricing/pricing a new product-skimming pricing/penetration pricing -transfer pricing-contribution approach and full costing approach.

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1. Dean, Joel : Managerial Economics(Delhi, Precentice Hall of India)
2. Dewett.K.K : Modern Economic Theory (Delhi, S.Chand)
3. Gough, J and Hill.S : Fundamental of managerial Economics (London Macmillian Press Ltd)
4. Chopax P.N : Business Economics (Ludhiana, Kalyani Pub. House)
5. Maheswary : Managerial Economics (Delhi, S.Chand)
6. Ghosh & Minocha : Business Economics & Planning (Ludhiana, Kalyani Pub. House)
7. H.L. Ahuja : Advanced Economic Theory