

F.Y.B.B.A. Semester-II

Effective from November 2011

ELEMENTS OF ECONOMICS-II

OBJECTIVES:

The course has been so designed to expose the students to the fundamentals & essentials of economics & develop in them the skills to apply the same in this age of globalization & economic dominance.

PADAGOGIC TOOLS: Lectures, Practical examples from corporate & business world, assignments & presentations.

COURSE CONTENT:

Topics	Weightage
<p>I <u>COST ANALYSIS & REVENUE ANALYSIS</u></p> <p>➤ Cost concepts (A) Accounting cost concepts:</p> <ul style="list-style-type: none"> • Opportunity cost & actual costs • Accounting cost & economic costs • Business cost & full costs • Money cost & real costs <p>(B) Analytical cost concept</p> <ul style="list-style-type: none"> • Fixed & variable cost • Total average & marginal costs • Short run & long run costs • Incremental & sunk costs • Historical & replacement costs • Private & social costs <p>➤ Short-run cost analysis or Short-run cost output relationship</p> <ul style="list-style-type: none"> • Meaning of short-run • Short-run fixed & variable costs • Importance of distinction between fixed & variable costs • Short-run TFC, TVC, TC • Short-run AC/ATC, AFC, AVC • Short-run marginal cost MC • Reason for the “U” shape of AC curve • Relationship between AC & MC curves <p>➤ Long-run cost analysis or Long-run cost output relationships</p> <ul style="list-style-type: none"> • Meaning of long-run • Long-run TC curve 	<p>30%</p>

<ul style="list-style-type: none"> • Long-run AC curve • Long-run MC curve ➤ Concepts of revenue ➤ Revenue & revenue curves <ul style="list-style-type: none"> • Total revenue (TR) • Average revenue (AR) • Marginal revenue (MR) ➤ Relationship between AR & MR ➤ Significance of the concept of revenue 	30%
<p>II <u>ELASTICITY OF DEMAND</u> Introduction – Various concepts of Demand Elasticity Elastic & In-Elastic Demand</p> <ul style="list-style-type: none"> ➤ Price Elasticity of Demand <ul style="list-style-type: none"> • Meaning of Price elasticity of Demand • Types of Price elasticity of Demand • Measurement of Price elasticity of Demand • Determinants of Price elasticity of Demand • Relationship between Price elasticity of Demand Total Revenue & Marginal Revenue • Importance of Price elasticity of Demand in Business ➤ Income Elasticity of Demand <ul style="list-style-type: none"> • Meaning of Income elasticity of Demand • Types of Income elasticity of Demand • Relation between Income elasticity of Goods • Importance of Income elasticity for Business Firms ➤ Cross Elasticity of Demand <ul style="list-style-type: none"> • Meaning of Cross elasticity of Demand • Cross Elasticity of Demand: Substitutes & Complements • Importance of Cross elasticity of Demand for Business Decision Making ➤ Promotional or Advertising Elasticity of Demand ➤ Elasticity of Substitution <ul style="list-style-type: none"> • Relation Between Price Elasticity , Income Elasticity & Substitution Elasticity <p>Elasticity of Price Expectations</p>	20%
<p>III <u>NATIONAL INCOME</u> Meaning & Definitions</p> <ul style="list-style-type: none"> ➤ Basic Concept of national income <ul style="list-style-type: none"> • Gross National Product (GNP) • Gross Domestic Product (GDP) • Net National Product (NNP) • Personal Income (PI) • Disposable Income (DI) ➤ Methods of measuring national income <ul style="list-style-type: none"> • Census of Product method or Output method or commodity service method • Census of Income method or Factor cost method • Census of Expenditure method or Total outlay method 	

<ul style="list-style-type: none"> ➤ Methodology of estimating national income in India ➤ Problems in the estimation of national income <ul style="list-style-type: none"> • Conceptual problems • Statistical problems ➤ Significance of national income estimates ➤ Circular flow of economic activity <ul style="list-style-type: none"> • Two sector model • Four sector model <p>IV MONEY SUPPLY</p> <p>Definition of Money</p> <ul style="list-style-type: none"> ➤ Money & Near Money ➤ Functions of Money ➤ Components of Money supply ➤ Determinants of Money supply ➤ Importance of Money ➤ Evils of Money ➤ Demand for Money 	20%
---	------------

Text and Reference Books:

- 1) Modern Microeconomics: Theory & Application-H.L. Ahuja , Publisher Sultan Chand.
- 2) Advanced Microeconomics Theory-M.J.Kennedy , Himalaya Publishing House.
- 3) Principles of Economics-Prem Bhutani , Taxmann Allied Services (P) Ltd.
- 4) Economics-Paul Samuelson William Nordhaus , Tata MacGraw-Hill.
- 5) Introduction to Positive Economics-Richard Lipsey , Oxford University press.
- 6) Principles of Economics – D. M. Mithani, Himalaya Publishing House.
- 7) Introduction to Economics – Stephan Dobson, MACMILLAN.
- 8) Managerial Economics – Analysis, Problems and Cases – P. L. Mehta Sultan Chand & sons.
- 9) Essentials of Managerial Economics – P. N. Reddy, Himalaya Publishing House.
- 10) Business Economics – H. L. Ahuja, Sultan Chand.
- 11) Indian Economy – S. K. Misra, V. K. Puri, Himalaya Publishing House.
- 12) Economics, The ICFAI University.
- 13) Principles of Economics – M. L. Seth.
- 14) Principles of Economics – N. Gregory MANKIW, Thomson South Western.