

JYOTI NIVAS COLLEGE AUTONOMOUS
Syllabus (2018 Onwards)
B.COM –SECOND SEMESTER
BUSINESS ECONOMICS-II

60 hours

Objectives:

- To acquaint students with the principles of managerial economics as are applicable in business.
- To give exposure to the Macro- Economic environment and external sector of the economy.
- To enable the student to appreciate the utility of economics in managing a business.

Learning outcomes

- To understand the different types of market structure, and the pricing under different market structures.
- To analysis the methods of pricing under different market structures.
- To understand the concepts of capital, the cost of capital and to analyse the methods for capital budgeting.
- To understand the basics of national income.
- To understand the concept of business cycle, its causes and consequences.
- To analyse the causes for inflation and the measures to control it.
- To understand the concepts of balance of payments and its various aspects.
- To analyse the importance of foreign capital for economic development.

MODULE: 1 MARKET STRUCTURE (PRODUCT PRICING) (15 hrs)

Perfect competition- meaning and features(1), equilibrium-short run and long run equilibrium for firm and industry[2], monopoly – features[1], shot run and long run equilibrium[2], price discrimination –meaning, types[1], equilibrium under price discrimination[third degree][2], monopolistic competition- features[1], short run and long run equilibrium[2], oligopoly – features[1], price rigidity, price leadership and collusive oligopoly(concepts)[2].

MODULE: 2 PRICING PRACTICES AND STRATEGIES (10 hrs)

Pricing- objectives [1]. Pricing methods- Full cost pricing, marginal cost pricing, target rate pricing. Product line pricing, competitive bidding, dual pricing, transfer pricing, skimmed pricing and penetration pricing, administered pricing (concepts)[7]. Price discrimination- peak load pricing, inter-temporal price discrimination (concepts)[2].

MODULE:3 COST OF CAPITAL AND CAPITAL BUDGETING (12 hrs)

Meaning and forms of capital[1], specific costs of capital on debt, preference shares and equity shares, retained earnings[4], weighted average cost of capital (concepts only)[2]
Capital budgeting: meaning and significance [2], investment appraisal, net present value of money and internal rate of return [3] (only theory).

MODULE:4 MACRO-ECONOMIC ENVIRONMENT AND POLICY (14 hrs)

National income- Four sector model [2], concepts of national income [2], business cycles: phases [2] and control of business cycles by monetary measures, fiscal measures and administrative measures [2]

Inflation: types [1], causes of inflation, demand pull inflation and cost-push inflation [3], impact on distribution, consumption and production [2]. Control of inflation: monetary and fiscal policy [2].

(cont'd)

MODULE: 5 EXTERNAL SECTOR (9 hrs)

Balance of Trade; meaning, Balance of payments: meaning, structure [2], causes of disequilibrium [2] and correction of disequilibrium: monetary measures and non-monetary measures [2].Foreign capital- types (public and private foreign capital), private foreign capital - FDI & FII, FDI- role [3]

Books for References:

Basic Reading List

1. Ahuja, H.L ; Business Economics, S.Chand and Company Ltd, New Delhi.
2. Jhingan M.L and Stephen, J.K : 'Managerial Economics', Vrinda Publishing (P) Ltd, New Delhi
3. Khan and Jain; Financial Management ,Tata Mcgraw Hill Education Private ltd ,New Delhi.
4. Mehta, P.L; 'Managerial Economics', Sultan Chand and Sons, New Delhi.
5. Mithani, D.M : 'Managerial Economics', Himalaya Publishing House, New Delhi
6. Pindyck Robert S., Rubinfeld Daniel L., Prem L. Mehta, 'Micro Economics', Seventh Edition, Pearson Publications.
7. Salvatore, Dominick, Managerial Economics in a Global Economy, IV Edition, Thomson South Western.
8. Sharma, R.K and Gupta, S.K: 'Financial Management' , Kalyani Publications, Ludhiana.
9. Varshney, R.L and Maheswari, K.L ; 'Managerial Economics', Sultan Chand and Sons, New Delhi

Additional reading list:

1. Annual Economic survey.
2. Damodaran, Suma, Managerial Economics, II Edition, Oxford University Press, New Delhi.
3. Koutsoyiannis : Modern Micro Economics .
4. Petersen, Craig H. W, Lewis Chris, Sudhir K. Jain, ‘Managerial Economics’, Pearson Education.
5. Sundram K.P.M: ‘Micro Economics’, Sultan Chand and Sons , New Delhi.

Practical component of the syllabus:

1. Case study on Monopoly/Monopolistic competition.
2. Case study on Oligopoly or Price Discrimination.
3. Simple problems on National Income.
4. Net present value (simple problems).
5. Internal rate of return (simple problems)
6. Study of any MNC.
7. India’s Balance of payments-current trends
8. Discussion of current business trends.
9. Profit Forecast.
10. Food inflation- case study and numerical
11. CPI, WPI- numerical
12. Case study- visit to a market, firm