

ECONOMICS “as a social science which covers the actions of individuals and groups of individuals in the process of producing, exchanging and consuming of goods and services to achieve optimization of resource use”

BUSINESS ECONOMICS is Applied Economics deals with the decision making and forward planning in uncertainty and integrates economic theory with business practice for the purpose of facilitating decision-making and forward planning by management. It is a science that deals with the application of various economic theories, principles, concepts and techniques to business management in order to solve business and management problems.

According to SPENCER AND SIEGELMAN “Business Economics is the integration of economic theory with business practice for the purpose of facilitating decision making and forward planning by management”.

APPLICATION: ♣ Use of optimum techniques to improve organizational decisions

♣ Understanding individual and market demand decisions to forecast demand

♣ Analyse cost and supply structure to understand supply decisions

♣ Understanding markets      ♣ Understanding external factors like unemployment, inflation

### **Learning Outcomes:**

At the end of the course, the student will able to;

- Describe the nature of economics in dealing with the issues of scarcity of resources.
- Analyse supply and demand analysis and its impact on consumer behaviour.
- Evaluate the factors, such as production and costs affecting firms behaviour.
- Recognize market failure and the role of government in dealing with those failures.
- Use economic analysis to evaluate controversial issues and policies.
- Apply economic models for managerial problems, identify their relationships, and formulate the decision making tools to be applied for business.

## **Syllabus**

### **Unit-I: Introduction:**

Meaning and Definitions of Business Economics – Nature and Scope of Business Economics – Micro and Macro Economics and their Interface.

### **Unit-II: Demand Analysis:**

Meaning and Definition of Demand – Determinants to Demand – Demand Function – Law of Demand – Demand Curve – Exceptions to Law of Demand – Elasticity of Demand – Measurements of Price Elasticity of Demand

### **Unit – III: Production, Cost and Revenue Analysis:**

Concept of Production Function – Law of Variable Proportion – Law of Returns to Scale – Classification of Costs – Break Even Analysis - Advantages

### **Unit-IV: Market Structure:**

Concept of Market – Classification of Markets – Perfect Competition – Characteristics – Equilibrium Price - Monopoly – Characteristics – Equilibrium under Monopoly.

### **Unit-V: National Income:**

Meaning – Definition – Concepts of National Income – Components of National Income – Measurements of National Income – Problems in Measuring National Income

### **Reference Books:**

Business Economics - Kalyani Publications.

Business Economics -A.V. R. Chary, Kalyani Publishers, Hyderabad.

Sl. No	Code	Sem	Courses	Name of Course (Each Course consists 5 Units with each Unit having 12 hours of class-work)	Hours/Week	Credits	Marks	
							Mid Sem	Sem End
1		I	1A	Fundamentals of Accounting (Gen & CA)	5	4	25	75
2		I	1B	Business Organization and Management (Gen & CA)	5	4	25	75
3		I	1C	Business Environment (Gen)/ Information Technology (CA)	5	4	25	75
4		II	2A	Financial Accounting (Gen & CA)	5	4	25	75
5		II	2B	Business Economics (Gen & CA)	5	4	25	75
6		II	2C	Banking Theory & Practice (Gen)/ E-commerce and Web Designing (CA)	5	4	25	75

Question Paper (January 2022)  
B Com – First Year – Second Semester.  
BUSINESS ECONOMICS.

Time: 3 hours.

Maximum: 75 Marks.

PART – A – (5 × 5 = 25 Marks)  
Answer any FIVE of the following eight questions

1. Business Economics.
2. Demand Function.
3. Types of Elasticity of Demand.
4. Opportunity Cost.
5. Marginal Revenue.
6. Oligopoly.
7. Imperfect Competition.
8. Mixed Economic System.

PART – B – (5 × 10 = 50 marks)  
Answer ONE from each unit.

9. (a) Explain the Nature and Scope of Business Economics.  
OR  
(b) What is Micro Economics? Explain how it is different from Macro Economics?
10. (a) Explain the Law of Demand and its exceptions  
OR  
(b) Explain the methods of measuring elasticity of demand.
11. (a) Describe the classification of costs.  
OR  
(b) Define Break-Even Analysis? Explain the advantages of Break-Even Analysis.
12. (a) Explain the Price determination under Monopoly.  
OR  
(b) Explain the characteristics of Perfect Competition.
13. (a) Define National Income and explain the different methods of Measuring National Income.  
OR  
(b) Explain the problems in measuring National Income.

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I Year BBA – Semester – I  
**Course 2A: Managerial Economics**

**OBJECTIVES OF THE BBA PROGRAMME:**

1. To impart knowledge to students in functional areas of business so that they may pursue careers in management and excel in different fields of management.
2. To incorporate extensively – along with theoretical knowledge sharing – various skills (viz., Presentations, rapid reading, geo political awareness, time management) needed for managerial effectiveness.
3. To motivate students to apply management techniques to new and innovative areas of management.

**COURSE OBJECTIVES:**

The course Managerial Economics provides students with the knowledge, tools and techniques to make Effective economic decisions under conditions of risk and uncertainty. Demand, cost and pricing decisions are emphasized. Topics include decision – making criteria and procedures, demand and cost theory and estimation, pricing theory and practice (including price positioning), pricing new products and competitive bids and price quotes.

**Students should be able to:**

1. Describe the role of Managerial Economics in Business decisions making.
2. Evaluate the laws relating to consumer behaviour and law of demand in the context of using the appropriate demand forecasting technique.
3. Examine the factors influencing pricing decision in order to arrive at appropriate pricing.
4. Compare and contrast the implication of law of production and short run and long run curves on average cost and marginal cost.
5. Determine the equilibrium pricing and output under perfect and imperfect market competitions.
6. Relate dynamics of Business cycles, changes in monetary and fiscal policies and other macro-economic variables with the corresponding impact on managerial decisions and operations.

**Learning Outcomes:**

At the end of the course, the student will able to;

- Describe the nature of economics in dealing with the issues of scarcity of resources.
- Analyse supply and demand analysis and its impact on consumer behaviour.
- Evaluate the factors, such as production and costs affecting firm's behaviour.
- Recognize market failure and the role of government in dealing with those failures.
- Use economic analysis to evaluate controversial issues and policies.
- Apply economic models for managerial problems, identify their relationships, and formulate the decision making tools to be applied for business.

**Revised Common Framework of CBCS for Colleges in Andhra Pradesh  
(A.P. State Council of Higher Education)**

**B.B.A - Semester – I**

Sl. No.	Course	Name of the subject	Total Marks	Mid. Sem. Exam*	Sem. End Exam	Teaching Hours	Credits
1.	First Language	General English	100	25	75	4	3
2.	Second Language	(Tel/Hindi/Urdu/Sans/French/Arabic)	100	25	75	4	3
3.	Life skills	1. Human Values and Professional Ethics	50		50	2	2
		2. Computer Applications					
		3. Statistics					
4	Skill Development Courses	1.Secretary ship 2 Insurance Promotion	50		50	2	2
5.	1A	Principal of management	100	25	75	5	4
6.	2A	Managerial Economics	100	25	75	5	4
7.	3A	Quantitative Methods for Managers	100	25	75	5	4
8.	—	Total	600	125	475	27	18

**Syllabus**

**Unit-I – Introduction to Managerial Economics:** Nature, Scope and Definition of Managerial Economics, Application of Managerial Economics; Micro vs Macro Economics; Basic Concepts of Managerial Economics: Opportunity Cost Principle, Incremental Principle, Principle of time perspective, Discounting Principle.

**Unit-II – Consumer Behaviour, demand and supply analysis:** Law of demand: Theory of Demand, shifts in demand curves, Concept of measurement of Elasticity of Demand, factors affecting Elasticity of Demand, Income elasticity of Demand, Cross Elasticity of Demand.

**Unit – III: Consumer Behaviour Utility Approach:** Cardinal utility approach, Diminishing marginal utility, Law of Equi-marginal utility, ordinal utility approach, Indifference curve, Marginal rate of substitution, budget line and consumer equilibrium. Law of supply, shift in supply curve.

**Unit-IV: Theory of Production, cost and firm's behaviour:** Meaning, Concept of Production, factors of production and Production Function; fixed and variable factors; Law of variable proportions and Law of Returns to scale; Concept of Cost, Cost Function; short run Costs and long run costs, Economies and diseconomies of scale. Explicit cost and implicit cost, private and social cost, Perfect Competition – Monopoly - Monopolistic Competition – Oligopoly; Pricing in various market structures.

**Unit-V: Macro Economic Analysis:** Circular flow of income. National Income Concepts. Theory of income and employment: Classical, Modern (Keynesian) approach.

**Reference Books:**

Managerial Economics: D. N. Dwivedi, Vikas Publishing Co.  
Managerial Economics: Chopra, P. N., Kalyani Publishers.

Question Paper (April 2022)  
B.B.A. (CBCS) Degree Examination  
First Year – First Semester.  
MANAGERIAL ECONOMICS.

Time: 3 hours.

Maximum: 75 Marks.

PART – A – (5 × 5 = 25 Marks)

Answer any FIVE of the following eight questions

1. Fixed costs and variable costs.
2. Difference between Balance of Trade and Balance of Payments.
3. Production Function.
4. Indifference Curves.
5. Selling Costs.
6. Concept of Marginal Rate of Substitution.
7. Circular flow of Income.
8. Shifts in Demand Curves.

PART – B – (5 × 10 = 50 marks)

Answer ONE from each unit.

9. (a) Explain the Nature and Scope of Managerial Economics.

OR

(b) Explain the basic principles of Managerial Economics.

10. (a) Explain the Measurements of Price Elasticity Demand.

OR

(b) Factors affecting elasticity of Demand.

11. (a) Explain the Law of Diminishing Marginal Utility.

OR

(b) Explain how a consumer reaches equilibrium with the help of Indifference Curves?

12. (a) Explain the Law of Variable Proportions with the help of diagram.

OR

(b) Discuss briefly internal economies and external economies.

13. (a) Describe the various concepts of National Income.

OR

(b) Discuss the implications of the classical theory of employment.

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