

UNIVERSITY OF DELHI

CNC-II/093/1(28)/2023-24/ 211
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NOTIFICATION

Sub: Amendment to Ordinance V

The syllabus of the paper titled "Business Economics", one of the Discipline Specific Core offered by the Department of Commerce in Semester-V of B.Com (H) and B.Com Programmes under UGCF has been revised. The revised syllabus is notified herewith for the information of all concerned which is enclosed at ***Annexure-1***.


REGISTRAR

Discipline-Specific Core Course-5.2 (DSC-5.2): Business Economics

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
DSC-5.2: Business Economics	4	3	1	0	1. For B.Com (H) – Passed Class XII with Mathematics & Accountancy- 2. For B.Com – Passed Class XII	Nil

Learning Objectives

The course aims to enable students the learners to acquire knowledge of concepts, methods and techniques of Business Economics and their Application in Business Decision-Making.

Learning Outcomes

After the completion of the course, the learners will be able to:

1. Examine the conceptual framework of Business Economics and their Managerial Implications.
2. Analyse how consumers try to maximize their satisfaction by spending on different goods.
3. Evaluate the relationship between inputs used in production in a business and the resulting outputs and costs.
4. Analyse the Managerial Implications of Equilibrium under different Market Structures.
5. Evaluate the contemporary issues and applications in Business Economics.

SYLLABUS OF DSC-5.2

Unit 1: Introduction to Business Economics (5 hours)

Business Economics: Meaning, Nature, Scope and managerial implications. Application of Demand, Supply and Market Mechanism in Business Decisions. Concept and Measurement of Elasticity of Demand (Price, Income and Cross) and their managerial implications, Elasticity of Supply and their managerial implications.

Application: Impact of Natural Disaster/Pandemic/Government Policies on Market Mechanism, Paradox of Plenty.

Unit 2: Consumer Behaviour (11 hours)

Cardinal Utility in Business Decisions. Ordinal Utility: Significance of Indifference Curves and Budget Line in Business Decisions and Strategies. Consumer Equilibrium and Corner Solutions, Managerial Implications of ICC and Engels Curve. PCC: Splitting of Price Effect by Hicksian Approach, Managerial Implications of Income and Substitution Effects.

Application: Effect of Interest Rates on Household Savings, Lump Sum Subsidy Vs Excise Subsidy.

Unit 3: Production and Cost (11 hours)

Law of Variable Proportions and Rational Decisions. Role of Isoquants and Isocost Line in Determination of Effective Input Combinations. Role of Expansion Path and Returns to Scale in Business Decisions and Strategies. Managerial implications of Returns to Scale Vs Returns to a Factor. Different Types of Costs in business, Role of Short Run and Long Run Cost Curve (LAC and LMC) in Business Decisions and Strategies, Managerial implications of Economies and Diseconomies of Scale under Long Run Cost Curve.

Application: Significance of Ridge Lines for a Rational Producer, Production and Cost in Business Decisions.

Unit 4: Market Structures (11 hours)

Revenue Curves across the Market Structures and their managerial implications. Perfect Competition: Features and Managerial Implications of Equilibrium Conditions under Short and Long Run, Significance of Short and Long Run Supply Curve in Business Decisions.

Monopoly: Features, Managerial implications of Equilibrium Conditions under Short and Long Run, Absence of Supply Curve and Managerial implications, Price discrimination in Real-World Situation: Degrees, Conditions.

Monopolistic Competition: Features, Role of Product Differentiation and Excess Capacity in Business Decisions, Managerial Implications of Equilibrium Conditions under Short and Long Run.

Oligopoly: Features, Causes; Collusive Oligopoly and Managerial Implications: Cournot's Model, Kinked Demand Curve; Non- Collusive Oligopoly and Managerial Implications: Cartels.

Application: OPEC and CIPEC.

Unit 5: Contemporary Issues and Applications (7 hours)

Rent control and Minimum wages: Concept and Impact, Individual supply curve of labour: Managerial Implications of Leisure and Work Trade-off, Peak load Pricing, Prisoners' Dilemma and Game Theory: Nash Equilibrium.

Exercises:

The learners are required to:

1. Examine the nature, concept and scope of Elasticity of demand and supply in real life.
2. Analyse the impact of changing prices on the consumption of necessities by a household.
3. Analyse how consumers try to maximize their satisfaction by spending on different goods.
4. Evaluate and discuss the relationship between inputs used in production and the resulting outputs and costs.

5. Visit any manufacturing unit and study its production process and costing and submit a report.
6. Analyse and interpret the impact of change in inputs/raw material price change on the level of output of firm under Perfect Competition under Short Run.
7. Analyse and interpret (through case studies):
 - (i) Delhi Metro as a monopoly power.
 - (ii) Peak Load Pricing by Rental Car Companies.
8. Analysing the behaviour of firm under Oligopoly and Calculating the Nash Equilibrium under the following situations
 - (i) Price Change (high and low price).
 - (ii) Launching of New Product or not.

Suggested Readings:

- Baye, M., & Prince, J. (2021). *Managerial Economics and Business Strategy* (3rd ed.). New York, United States: McGraw Hill.
- Case, K. E., & Fair, R. C. (2017). *Principles of Economics* (12th ed.). London, United Kingdom: Pearson Education.
- Chaturvedi, D. D., & Chaturvedi, S. (2022). *Business Economics*. Delhi, India: Kitab Mahal.
- Deepashree (2021). *Business Economics*. Delhi, India: MKM Publisher.
- Gillespie, A. (2013). *Business Economics* (2nd ed.). Oxford, United Kingdom: Oxford University Press.
- Gupta, G. S. (2011). *Managerial Economics* (2nd ed.). Delhi, India: McGraw Hill.
- Maddala, G. S., & Miller, E. (2017). *Microeconomics Theory and Applications*. Delhi, India: Tata McGraw Hill.
- Mankiw, N. G., Aswin A., & Taylor, M. P. (2019). *Business Economics*. United Kingdom: Cengage Learning.
- Miller, R. L. (1982). *Intermediate Microeconomics: Theory, Issues, Applications* (2nd ed.). New York, United States: McGraw-Hill.
- Pindyck, R., & Rubinfeld, D. (2017). *Microeconomics* (8th ed.). London, United Kingdom: Pearson Education.
- Salvator, D., & Rastogi S. K. (2016). *Managerial Economics: Principles and Worldwide Applications* (8th Ed.). Delhi, India: Oxford University Press.
- Samuelson, P. A., Nordhaus, W. D., Chaudhari S., & Sen, A. (2019). *Economics (SIE)* (20th ed.). New York, United States: McGraw-Hill.