

**Revised Syllabus of Courses of Bachelor of Management Studies  
(BMS) Programme at Semester I  
with Effect from the Academic Year 2016-2017**

**Core Courses (CC)**

**7. Business Economics - I**

**Modules at a Glance**

<b>Sr. No.</b>	<b>Modules</b>	<b>No. of Lectures</b>
1	Introduction	10
2	Demand Analysis	10
3	Supply and Production Decisions and Cost of Production	15
4	Market structure: Perfect competition and Monopoly and Pricing and Output Decisions under Imperfect Competition	15
5	Pricing Practices	10
	<b>Total</b>	<b>60</b>

Sr. No.	Modules / Units
1	<b>Introduction</b>
	<p><b>Scope and Importance of Business Economics</b> - basic tools- Opportunity Cost principle- Incremental and Marginal Concepts. Basic economic relations - functional relations: equations- Total, Average and Marginal relations- use of Marginal analysis in decision making, The basics of market demand, market supply and equilibrium price- shifts in the demand and supply curves and equilibrium</p>
2	<b>Demand Analysis</b>
	<p><b>Demand Function</b> - nature of demand curve under different markets Meaning, significance, types and measurement of elasticity of demand (Price, income cross and promotional)- relationship between elasticity of demand and revenue concepts <b>Demand estimation and forecasting:</b> Meaning and significance - methods of demand estimation : survey and statistical methods <i>(numerical illustrations on trend analysis and simple linear regression)</i></p>
3	<b>Supply and Production Decisions and Cost of Production</b>
	<p><b>Production function:</b> short run analysis with Law of Variable Proportions- Production function with two variable inputs- isoquants, ridge lines and least cost combination of inputs- Long run production function and Laws of Returns to Scale - expansion path - Economies and diseconomies of Scale. <b>Cost concepts:</b> Accounting cost and economic cost, implicit and explicit cost, fixed and variable cost - total, average and marginal cost - Cost Output Relationship in the Short Run and Long Run <i>(hypothetical numerical problems to be discussed)</i>, LAC and Learning curve - Break even analysis <i>(with business applications)</i></p>
4	<b>Market structure: Perfect competition and Monopoly and Pricing and Output Decisions under Imperfect Competition</b>
	<p>Short run and long run equilibrium of a competitive firm and of industry - monopoly - short run and long- run equilibrium of a firm under Monopoly <b>Monopolistic competition:</b> Equilibrium of a firm under monopolistic competition, debate over role of advertising <i>(topics to be taught using case studies from real life examples)</i> <b>Oligopolistic markets:</b> key attributes of oligopoly - Collusive and non collusive oligopoly market - Price rigidity - Cartels and price leadership models <i>(with practical examples)</i></p>
5	<b>Pricing Practices</b>
	<p>Cost oriented pricing methods: cost – plus (full cost) pricing, marginal cost pricing, Mark up pricing, discriminating pricing, multiple – product pricing - transfer pricing <i>(case studies on how pricing methods are used in business world)</i></p>