

Syllabus

Punjab University, Chandigarh

Essentials of Business Economics

BBA-I, Semester-I

Time Allowed: 3 Hours

Max Marks: 100
[External Assessment: 80 Marks
Internal Assessment: 20 Marks]

INSTRUCTIONS FOR THE PAPER SETTERS

- Note:** The question paper covering the entire course shall be divided into three sections:
- Section A:** This section will have 6 short-answer questions from the entire syllabus. Students are required to attempt 4 questions from this section. Each question will carry 5 marks; the total weightage being 20 marks. **(20 Marks)**
- Section B:** This section will consist of essay type/numerical questions from Unit-I of the syllabus. The candidate will be required to attempt two questions out of three questions. Each question will carry 15 marks; the total weightage being 30 marks. **(30 Marks)**
- Section C:** This section will consist of essay type/numerical questions from Unit-II of the syllabus. The candidate will be required to attempt two questions out of three questions. Each question will carry 15 marks; the total weightage being 30 marks. **(30 Marks)**
- Objective:** To study the basic concepts of micro and macroeconomics relevant for Business decision-making and helping them to understand the application of economic principles in business management.

Unit-I

Micro vs. Macro Economics, Opportunity costs, Market forces and equilibrium. Theory of demand, Law of demand, Movement along vs. shift in Demand curve, Concept of measurement of elasticity of demand. Factors affecting elasticity of demand, Income elasticity of demand, Cross elasticity of demand, Advertising elasticity of demand. Demand forecasting: Need, objectives and methods (brief).

Theory of Production: Meaning and concept of production, Factors of production and production function for a single product and multi product firm, Technological progress. Law of variable proportions (short run production analysis), Law of returns to scale.

Unit-II

Concepts of Cost and Price output Decisions: Cost function, Short run cost, Long run cost, Economies and diseconomies of scale, Explicit and implicit cost, Private and social cost.

Concept of Total, Average and Marginal Revenue, Relationship between AR, MR and Elasticity of Demand.

Fundamental Concepts used in Business Decision Making: Opportunity Cost and Decision Rule, Marginal Principle, Incremental Principle Contribution Analysis, Equi-marginal-Principle.

Pricing under Perfect competition, Pricing under monopoly, Control of monopoly, Price discrimination, Pricing under monopolistic competition, Pricing under oligopoly.