

Course Code: BMGT E1035
Title: Business Economics
Aim: To; (i) provide relevant knowledge of economic theories and concepts and economic relationships in human behaviour;
(ii) develop analytical and economic decision making skills in order to find solutions to economic problems confronted at individual, business and society levels.

Learning Outcomes:

On completion of this course unit, students should be able to;

- Identify and describe the basic concepts and analytical tools of business economics
- Describe and explain the rationale for economic decisions made by individuals, firms, and the society
- Apply the economic theories in managerial decision making.

Content :

Introduction to Economics; Definitions, Basic concepts in Economics, Basic economic problems, Production possibility curves. Demand, Supply, and Elasticity; Demand, Supply, The determination of price, Elasticity of demand and supply, Government intervention in markets. Consumer Demand Theory; The marginal utility approach, The indifference approach, The revealed preference. Theories of Production and Cost; The Production function: Short – run and Long – run, The law of diminishing returns, The law of diminishing returns, Cost concepts, Short-run and long run cost, Revenues behaviors. Market Structures; Introduction, Perfect Competition: Elements of the theory of perfect competition, equilibrium price and output, Monopoly: Profit maximization under monopoly market, Imperfect competition: Monopolistic Competition, Oligopoly,

price leadership model cartel, Kinked Demand Curve. National Income; Basic Concepts, Circular flow of national income, Methods of measuring national income: output method, income method, and expenditure method, Keynesian theory of national income determination: Consumption (C) savings (S), Investment (I) relating to different economies. Goods Market and Money Market (IS-LM model); The goods market and the IS curve, The money market and the LM curve, Simultaneous equilibrium of the Good and Money markets, Changes in the IS-LM equilibrium. Aggregate Demand and Aggregate Supply; Aggregate Demand, Aggregate Supply, Equilibrium of the economy and changes in equilibrium. Fiscal and Monetary Policies; Fiscal policy, how fiscal policy works, Monetary policy, how monetary policy works, Crowding out. Inflation and Unemployment; Inflation: Definition, Causes, and Controlling, Trade –Off between Inflation and Unemployment, Unemployment: Definition, Types of unemployment, Full employment. Open Economy Macroeconomics; The balance of payments and Exchange Rates, Perfect capital mobility.

Method of Teaching and Learning:

Lectures, Seminars.

Scheme of Evaluation:

Examination, Assignments

Recommended Readings :

Ahuja H.L.(2000). *Business Economics Micro (Reprint.)*(2nd edition) New Delhi, India: S. Chand and Co. Ltd.

Leroy M.R. (2009). *Economics Today The Micro View.*(13th Edition) Boston: Addition Wesley.

Lipsey R.G. Chrystal K.A. (1999), *An Introduction to Positive Economics*, (9th edition) UK: Oxford University Press.

Misra S.K and Puri V.K. (1999) *Business Economics*, New Delhi: Himalaya Publishing House.