

BA5101 ECONOMIC ANALYSIS FOR BUSINESS

DETAILED SYLLABUS

OBJECTIVES:

- To introduce the concepts of scarcity and efficiency; to explain principles of micro economics relevant to managing an organization; to describe principles of macroeconomics to have the understanding of economic environment of business.

UNIT I INTRODUCTION

The themes of economics – scarcity and efficiency – three fundamental economic problems – society's capability – Production possibility frontiers (PPF) – Productive efficiency Vs economic efficiency – economic growth & stability – Micro economies and Macro economies – the role of markets and government – Positive Vs negative externalities.

UNIT II CONSUMER AND PRODUCER BEHAVIOUR

Market – Demand and Supply – Determinants – Market equilibrium – elasticity of demand and supply – consumer behaviour – consumer equilibrium – Approaches to consumer behaviour – Production – Short-run and long-run Production Function – Returns to scale – economies Vs diseconomies of scale – Analysis of cost – Short-run and long-run cost function – Relation between Production and cost function.

UNIT III PRODUCT AND FACTOR MARKET

Product market – perfect and imperfect market – different market structures – Firm's equilibrium and supply – Market efficiency – Economic costs of imperfect competition – factor market – Land, Labour and capital – Demand and supply – determination of factor price – Interaction of product and factor market – General equilibrium and efficiency of competitive markets.

UNIT IV PERFORMANCE OF AN ECONOMY – MACRO ECONOMICS

Macro-economic aggregates – circular flow of macroeconomic activity – National income determination – Aggregate demand and supply – Macroeconomic equilibrium – Components of aggregate demand and national income – multiplier effect – Demand side management – Fiscal policy in theory.

UNIT V AGGREGATE SUPPLY AND THE ROLE OF MONEY

Short-run and Long-run supply curve – Unemployment and its impact – Okun's law – Inflation and the impact – reasons for inflation – Demand Vs Supply factors – Inflation Vs Unemployment trade off – Phillips curve – short-run and long-run – Supply side Policy and management – Money market – Demand and supply of money – money-market equilibrium and national income – the role of monetary policy.

REFERENCES:

1. Paul A. Samuelson, William D. Nordhaus, Sudip Chaudhuri and Anindya Sen, Economics, 19th edition, Tata McGraw Hill, New Delhi, 2010.
2. William Boyes and Michael Melvin, Textbook of economics, Biztantra, 9th Edition, 2012.
3. N. Gregory Mankiw, Principles of Economics, 7th edition, Cengage, New Delhi, 2014