



**NAGINDAS KHANDWALA COLLEGE**  
**AUTONOMOUS**  
**M. Com. – SEMESTER I**

**Core Course (CC)**  
**ECONOMICS FOR BUSINESS DECISIONS**

**Preamble**

This Course is designed to equip students with basic tools of Economic Theory. It prepares them to analyse market behavior and apply economic principles to Business decision-making.

**Module 1: Basic Principles in Business Economics** (15 lectures)

Meaning and scope of Business Economics- twin principles of scarcity and efficiency; Marginal principle; profit maximisation principle; market economy and invisible hand; production possibility frontier; Opportunity cost -- accounting profit and economic profit; market failure, externality, public goods, Merit goods- economic role of the Government- Social Overhead Capital

**Module 2: Demand and Supply analysis** (15 lectures)

- The Theory of Consumer choice- Consumer preference and Budget constraint- equilibrium position of Tangency with the help of Indifference Curve analysis- effect of changes in price and income on consumer equilibrium-

- Determinants of Demand–Price, Income, Related Products- Product Brands- snob appeal, band wagon, and Weblen effect- Role of Advertising
- Law of supply- Labour and Capital-Saving Technical Progress- Product and Process Innovations- Applications of elasticity of Demand and Supply to economic issues -Administered Price control

### **Module 3: Production decisions and Cost analysis** (15 lectures)

- Production function – short run and long run – law of variable proportions, returns to scale, economies of scale, scope economies – least cost factor combination– expansion path and multi-product firm- Ridge Lines
- Economic analysis of cost: Classification of costs, short run and long run cost functions -cost reduction through experience – learning curve
- Managerial Economics -Overview of Revenue Concepts and Breakeven Analysis

### **Module 4: Market structure analysis** (15 lectures)

- Strategic Decision making in perfectly and imperfectly competitive markets -Perfect competition- Simple and Discriminating Monopoly - Sources and measures of market power – public policy towards monopoly power- Monopolistic competition
- Oligopoly - Kinked Demand Curve- collusive and non-collusive oligopoly, price leadership and cartel – Basic concepts of game theory - Using Game theory to analyse strategic decisions - application of model of prisoner’s dilemma in market decisions

## References

1. Salvatore, D.: Managerial Economics in a global economy (Thomson South Western Singapore, 2001)
2. Gregory, Mankiw.: Principles of Economics, Thomson South western (2002 reprint)

## Evaluation Pattern 60: 40

The performance of the learners will be evaluated in two Components.

One component will be the Continuous Internal Evaluation (CIE) component carrying 40% marks and the second component will be the Semester End Examination (SEE) component carrying 60% marks.

The allocation of marks for the Continuous Internal Evaluation (CIE) and Semester End Examination will be as shown below:-

### A) Continuous Internal Evaluation (CIE): 40 % (40 marks)

Sr. No.	Particular	Marks
1	<b>Class test - 1 hour Duration</b>	<b>30</b>
	<b>Answer any three out of four Questions (10 marks each)</b>	
2	<b>Active participation</b> in routine class instructional deliveries and overall conduct as a responsible learner, mannerism and articulation and exhibit of leadership qualities in organizing related academic activities	<b>10</b>

**B) Semester End Examination (SEE): 60 % (60 marks)**

- 1) Duration: The examination shall be of 2 Hours duration
- 2) Question paper pattern
  - There shall be four questions each of 15 marks.
  - All questions shall be compulsory with internal choice.
  - There will be one Question on each Unit.

**Semester End Examination (SEE)**

**Question Paper Pattern**

**Maximum Marks: 60**

**Questions to be set: 04**

**Duration: 2 Hrs.**

**All Questions are Compulsory Carrying 15 Marks each.**

<b>Question No</b>	<b>Particular</b>	<b>Marks</b>
<b>Q 1</b>	<b>Three questions to be asked : A B C Any Two to be attempted From Unit-I</b>	<b>15 Marks 7 ½ Marks Each</b>
<b>Q 2</b>	<b>Three questions to be asked : A B C Any Two to be attempted From Unit-II</b>	<b>15 Marks 7 ½ Marks Each</b>
<b>Q 3</b>	<b>Three questions to be asked : A B C Any Two to be attempted From Unit-III</b>	<b>15 Marks 7 ½ Marks Each</b>
<b>Q 4</b>	<b>Three questions to be asked : A B C Any Two to be attempted From Unit-IV</b>	<b>15 Marks 7 ½ Marks Each</b>

## **Passing Standard**

- The learners shall obtain minimum of 40% marks (i.e. 16 out of 40) in the Continuous Internal Evaluation (CIE) and 40% marks in Semester End Examination (i.e. 24 Out of 60) separately, to pass the course and minimum of Grade D to pass a particular Semester.
- A learner will be said to have passed the course if the learner passes the Continuous Internal Evaluation (CIE) and Semester End Examination together.

## **ATKT in Continuous Internal Evaluation (CIE)**

Students failing to clear the Continuous Internal Evaluation (CIE) will have to submit a project on a topic approved by the subject teacher.

The allocation of marks will be as follows:

- Written Assignment – 20 marks
- Presentation- 10 marks
- Viva – 10 marks