

**Revised Syllabus of Courses of
Master of Commerce (M.Com) Programme at Semester I
(To be Implemented from Academic Year- 2016-2017)**

Core Courses (CC)

2. Economics for Business Decisions

Modules at a Glance

SN	Modules	No. of Lectures
1	Basic Principles in Business Economics	15
2	Demand and Supply Analysis	15
3	Production Decisions and Cost Analysis	15
4	Market Structure Analysis	15
Total		60

Objectives

SN	Objectives
1	This course is designed to equip the students with basic tools of economic theory and its practical applications
2	The course aims at familiarising the students with the understanding of the economic aspects of current affairs and thereby prepares them to analyse the market behaviour with economic way of thinking
3	In addition to providing an insight into application of economic principles in business decisions, it also intends to widen analytical ability of the students and to provide them a foundation for further study of economics
4	In order to make the study practical oriented, the paper requires discussion of some cases involving the use of concepts of business economics

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H.C. Principal

SN	Modules/ Units
1	Basic Principles In Business Economics
	• Meaning and scope of Business Economics - twin principles of scarcity and efficiency; incremental and 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 and economic role of Government
2	Demand and Supply Analysis
	• Determinants of demand - market demand function - theory of attributes, snob appeal, band wagon and Veblen effect and demand function. Law of supply-elasticity of supply • Applications of elasticity of demand and supply to economic issues: Paradox of bumper harvest- tax on price and quantity - minimum floor and maximum ceilings: minimum wages controversy and Administered price control • 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
3	Production decisions and Cost analysis
	• Production function - short run and long run - Law of variable proportion, returns to scale, scale economies, scope economies- least cost factor combination for a given output- Expansion path and Multiproduct firm- cost reduction through experience - learning curve • Economic analysis of Cost: Classification of costs, short run and long run cost functions.
4	Market structure analysis
	• Difference between perfectly and imperfectly competitive markets -Perfect competition and Monopoly as limiting cases of market imperfections - Sources of market power - profit maximisation of simple and discriminating monopolist-methods of measuring monopoly power - Public policy towards monopoly power • Different forms of imperfect competition - Monopolistic competition and Oligopoly - Strategic decision making in oligopoly markets- collusive and non-collusive oligopoly- colliding oligopoly : rivalry among few, price war and kinked demand curve- collusive oligopoly models of 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



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