

PAPER – 4 : BUSINESS ECONOMICS AND BUSINESS AND COMMERCIAL KNOWLEDGE

(One paper – Three hours – 100 Marks)

PART I : BUSINESS ECONOMICS (60 Marks)

Objective:

To develop an understanding of the concepts and theories in Business Economics and apply such concepts and theories in simple problem solving.

1. Introduction to Business Economics

- (i) Meaning and scope of Business Economics
- (ii) Basic Problems of an Economy and Role of Price Mechanism.

2. Theory of Demand and Supply

- (i) Meaning and determinants of demand, Law of demand and Elasticity of demand — Price, income and cross elasticity
- (ii) Theory of consumer's behaviour – Marshallian approach and Indifference curve approach
- (iii) Meaning and determinants of supply, Law of supply and Elasticity of supply.
- (iv) Demand Forecasting

3. Theory of Production and Cost

- (i) Meaning and Factors of production
- (ii) Laws of Production – The Law of Variable proportions and Laws of Returns to Scale, Producer's equilibrium
- (iii) Concepts of Costs — Short-run and long-run costs, Average and marginal costs, Total, fixed and variable costs.

4. Price Determination in Different Markets

- (i) Various forms of markets – Perfect Competition, Monopoly, Monopolistic Competition and Oligopoly
- (ii) Price determination in these markets.

5. Business Cycles

- (i) Meaning
- (ii) Phases
- (iii) Features.

- (iv) Causes behind these Cycles.

PART – II : BUSINESS AND COMMERCIAL KNOWLEDGE (40 MARKS)

Objective:

To develop an understanding of common business and commercial concepts and to keep abreast with developments in the business and commercial world.

Contents:

1. Business and Commercial Knowledge – An Introduction

Nature of Business, Profession and Employment. Objectives of Business. Economic and Non-Economic Activities, Forms of Business Organizations.

2. Business Environment

Micro and Macro Environment, Elements of Micro Environment – Consumers/Customers, Competitors, Organization, Market, suppliers, Intermediaries, Elements of Macro Environment – Demographic, Economic, Political-legal, Socio-cultural, Technological, Global Environment.

3. Business Organizations

Overview of selected Indian and Global Companies.

4. Government Policies for Business Growth

Policies creating conducive business environment such as Liberalization, Privatization, Foreign Direct Investment.

5. Organizations Facilitating Business

- (i) Indian Regulatory Bodies – RBI, SEBI, CCI, IRDAI
- (ii) Indian Development Banks – IFCI, SIDBI, EXIM Bank, NABARD

6. Common Business Terminologies

- (i) Finance and Stock & Commodity Markets Terminology.
- (ii) Marketing Terminology.
- (iii) Banking Terminology.
- (iv) Other Business Terminology.

Note: Students are expected to read at least one financial newspaper and one business magazine on a regular basis. They may also watch a business channel to remain updated about the developments related to commercial world.