



II Vidya Vinayena Shobhate II  
Janardan Bhagat Shikshan Prasarak Sanstha's

## **Changu Kana Thakur**

**Arts, Commerce and Science College, New Panvel (Autonomous)**

*Re-accredited 'A+' Grade by NAAC (Third Cycle - 3.61 CGPA)*

*'College with Potential for Excellence' Status Awarded by University Grants Commission*

*'Best College Award' by University of Mumbai*

***Department of Business Economics***

**M.Com. Part I Semester-I**

**“Economics for Business Decisions”**

### **1. Basic Principles in Business Economics- 15L**

Meaning and Scope of Business Economics – twin principles of scarcity- Meaning and Scope or and efficiency, incremental and Marginal principle; profit maximization 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- 15L**

Determinants of demand – market demand function – theory of attributes, snob appeal, band wagon and Veblen effect and demand function.

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- Effects of elasticity of demand and supply on incidence of tax.

The theory of consumer choice – Consumer preference and budget constraint – equilibrium position of tangency with the help of Indifference analysis – effect of changes in price and Income on consumer –equilibrium

### **3. Production Decisions and Cost Analysis- 15L**

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 Multi product firm cost reduction through experience – learning curve

Economic analysis of Cost: Classification of costs, short run and long run cost functions. Break even analysis.

### **4. Market Structure Analysis -15L**

Difference between perfectly and imperfectly competitive markets- Perfect competition and Monopoly as limiting cases of market imperfections – Sources of market power – profit maximization of simple and discriminating monopolist – methods of measuring monopoly power and discriminating monopolist – 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- 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. Advanced Nash equation.

### Reference Books

- *Salvatore, D.: Managerial Economics in a global economy (Thomson South Western Singapore, 2001)*
- *Frank Robert.H, Bernanke. Ben S., Principles of Economics (Tata McGraw Hill (ed.3)*
- *Gregory Mankiw., Principles of Economics, Thomson South western (2002 reprint)*
- *Samuelson & Nordhas.: Economics (Tata McGraw Hills, New Delhi, 2002)*
- *Hirchey .M., Managerial Economics, Thomson South western (2003)*
- *Mehta, P.L.: Managerial Economics – Analysis, Problem and Cases (S. Chand & Sons, N. Delhi, 2000)*
- *Koutsyiannis, A., Modern Microeconomics, Macmillan Press Ltd (1998 Reprint).*
- *Varian, Micro-Economic Analysis (ed. 3), Norton, 1992.*
- *Dean, Joel: Managerial Economics (Prentice Hall of India, N. Delhi, 2002)*
- *Gupta, G.S.: Managerial Economics (Tata McGraw Hill, N. Delhi, 1997)*
- *Sen Anindya, Micro -Economics: Theory and Applications, Oxford University Press, New Delhi, 1999.*
- *Economic and Political Weekly*

**M.Com. Part I, Semester II**  
**“Macro Economics: Concepts and Applications”**

**1. Aggregate income and its Dimensions- 15L**

Aggregate Income and its dimensions: National income aggregates – and measurement; - GNP, GDP, NDP, Real and nominal income concepts, measures of inflation and price indices – GDP deflator – Nominal and real Interest rates -PPP Income and HDI , National income as a measure of economic welfare.

**2. Keynesian Concepts of Aggregate Demand (ADF), Aggregate Supply (ASF)- 15L**

Keynesian concepts of Aggregate Demand (ADF), Aggregate Supply (ASF), Interaction of ADF and ASF and determination of real Income. Marginal efficiency of capital, Inflationary gap. Policy trade – off between Inflation and unemployment - Phillips’ curve – short run and long run.

**3. Economic Policy Implications in the IS-LM Framework- 15L**

The IS-LM mode: Equilibrium in goods and money market; Monetary and real influences on IS-LM curves, Economic fluctuations and Stabilization policies in IS-LM framework Transmission mechanism and the crowding out effect; composition of output and policy mix, IS-LM in India

**4. International Aspects of Macroeconomic Policy- 15L**

International aspects of Macroeconomic policy: Balance of payments disequilibrium of an open economy – corrective policy measures – Expenditure changing policies and Expenditure switching policies BOP adjustments through monetary and fiscal policies – The Mundell–Fleming model. Devaluation, revaluation as expenditure switching policies effectiveness of devaluation and J curve effect

**Reference Books**

- *Dornbusch. R, Fisher.S., Macroeconomics, Tata McGraw-Hill 9th edition*
- *D’Souza Errol., Macroeconomics, Pearson Education 2008*
- *Gupta G.S., Macroeconomics Theory and Applications, Tata McGraw-Hill, New Delhi 2001*
- *Dwivedi D.N., Macroeconomics theory and policy, Tata McGraw-Hill, New Delhi 2001*
- *Economic and Political Weekly*
- *Salvatore Dominick International Economics, John Wiley & Sons, Inc*
- *Feenstra R. C., Advanced International Trade- Theory and Evidence, Princeton University Press, Princeton, 2004*
- *Bo Sodersten and Geoffrey Reed, International Economics Third Edition, Palgrave and Macmillan , London, 1994.*