

**Nirma University**  
**Institute of Law**  
**B.Com.,LL.B. (Hons) Programme,**  
**Academic Year 2018-19**  
**Semester II**

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Course Code	2BBL231
Course Title	<b>Business Economics</b>

**Course Learning Outcome (CLO)**

At the end of the course, students will be able to:

1. Recognize aspects of firm theory – production, revenue and cost, and profit maximization.
2. Comprehend the macroeconomic environment and role of government and monetary system.
3. Appreciate the impact of regulatory environment on business decisions.

**Syllabus**

**Teaching Hours: 60**

**Unit: I Theory of firm and profit**

**12 Hours**

- 1.1. Forms of market revisited – pricing and profit maximization.
- 1.2. Value of firm – alternative theories.
- 1.3. Definition of profit – Accounting and Economic profit.
- 1.4. Theories of profit – Risk, innovation, monopoly, efficiency.
- 1.5. Pricing practices in different markets.

**Unit: II Production and cost**

**10 Hours**

- 2.1 Production function – product, revenue and cost.
- 2.2 Optimization – Marginal, average and total concepts.
- 2.3 Economies of scale – short run and long run cost.
- 2.4 Break-even analysis – cost, profit and volume.

**Unit: III National Income**

**10 Hours**

- 3.1 National income concepts – GDP and GNP.
- 3.2 General level of price – CPI and WPI.
- 3.3 Business cycle
- 3.4 Savings investment equality - Public, private and national savings
- 3.5 The financial system – loanable funds market

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w.e.f. academic year 2018-19 and onwards

**Unit: IV Money and Banking****08 Hours**

- 4.1 Money – meaning and its functions
- 4.2 Money multiplier and fractional reserve banking
- 4.3 Price level and value of money
- 4.4 The central bank RBI and monetary control
- 4.5 The financial markets and its components

**Unit: V Financial Markets: Money market****10 Hours**

- 5.1 The money market and its features
- 5.2 Money market instruments
- 5.3 Call money markets
- 5.4 Money market derivatives
- 5.5 RBI and money markets

**Unit: VI Financial Markets: Capital market****10 Hours**

- 6.1 Capital market: features, working & functions
- 6.2 Role of Capital Market in Resource Allocation
- 6.3 Primary and secondary markets
- 6.4 Intermediaries in Capital Market
- 6.5 Role of regulators in capital markets

**Suggested Readings:**

1. D.Salvatore (2016), *Managerial Economics*, OUP India, 8<sup>th</sup> Edition.
2. Aryasri, A.B (2008), *Managerial Economics and Financial Analysis*, Tata McGraw-Hill, 3<sup>rd</sup> Edition.
3. N. Gregory Mankiw (2018), *Principles of Economics*, Cengage Learning, 8<sup>th</sup> Edition.
4. N. Gregory Mankiw (2010), *Macroeconomics*, Worth Publishers, 7<sup>th</sup> Edition.
5. Bharti V Pathak (2014), *Indian Financial System*, Pearson Publication, 4<sup>th</sup> Edition.
6. Khan M.Y. (2013), *Indian Financial System*, Tata McGraw Hill, 8<sup>th</sup> Edition.

