

I B.COM & I BBM	BUSINESS ECONOMICS - II	AEBM202S
SEMESTER - II		HRS/WK - 5
ALLIED-2		CREDIT -3

Objectives :

- * to understand the concept used in factor pricing and
- * to introduce welfare and the theories of welfare.

Unit I : Theory of Pricing under Perfect Competition.

Perfect competition : Equilibrium of the firm and industry – Derivation of the supply curve – Market adjustment process – The time element.

Unit II : Theory of Pricing under Imperfect Competition.

Monopolistic competition – Product differentiation – Selling cost – Oligopoly – Cournot model – Kinked demand curve – Collusion and price leadership.

Unit III :Theory of Factor Pricing- I.

Marginal Productivity Theory of Distribution.Theories of Rent: Ricardian Theory, Modern theory and the concept of Quasi Rent. Theories of Wages : Iron Law of Wages , Wage Fund Theory.

Unit IV : Theory of Factor Pricing- II.

Theories of Interest : Loanable fund theory, Liquidity fund theory – Theories of profit : Dynamic theory, Uncertainty theory and Innovation theory.

Unit V: Theory of Welfare.

Welfare analysis: Pareto criterion and Pareto optimality – utility possibility frontier – competitive equilibrium and pareto optimality – Limitations of Pareto criterion.

Text Books :

1. S. Sankaran, Business Economics, Margham Publication, Chennai.
2. K.P.M.Sundaram,Vaish, 1997, Micro Economic Theory.

Reference Books:

1. Lipsey, Richard, G.,1969, Introduction to Positive Economics, English Language Book Society and Weidenfeld and Nicolson, London.
2. Mannur,H.G.,1993, International Economics : Theory and Policy Issues, Vikas Publishing House Pvt. Ltd.,New Delhi.
3. Samuelson, Paul Anthony and William D. Nordhaus,1998,Economics,Ed.6,New Delhi: Tata McGraw Hill Publishing Company Ltd.New Delhi.

Journals for Reference

1. Journal of Applied Economics .
2. International Journal of the Economics of Business.

Websites for Reference

<http://www.yahoo.com/socialscience/economics/infoseek-economics>

www.sciencedirect.com;

Question Paper Pattern

Time: 3 hours

Marks: 75

Part - A : (10 x 2 =20 marks)
All the questions are to be answered

Part – B: (5 x 5 = 25 marks)
Five questions with internal choice.
(Either or pattern)

Part – C: (3 x 10 = 30 marks)
Three out of five with open choice