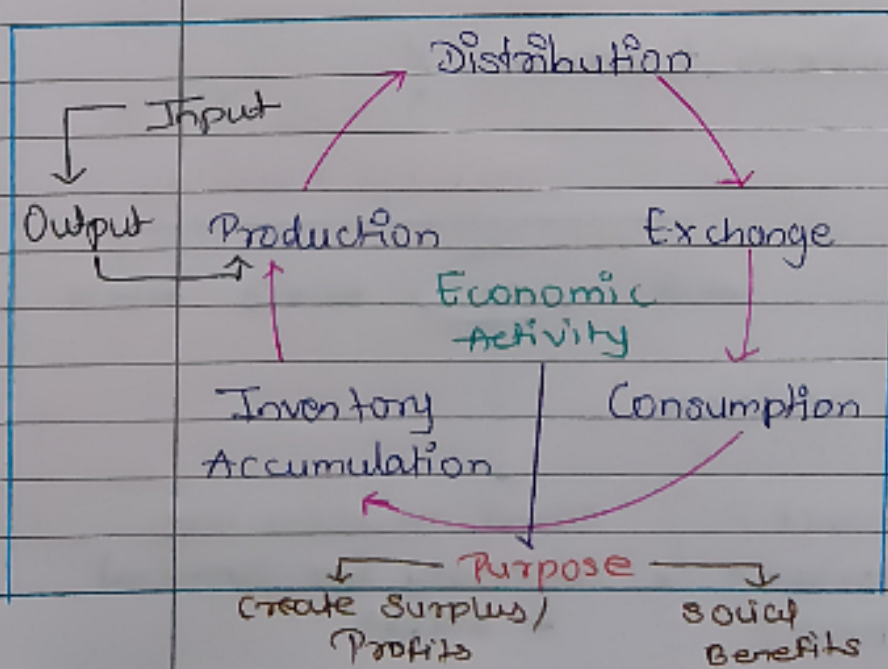
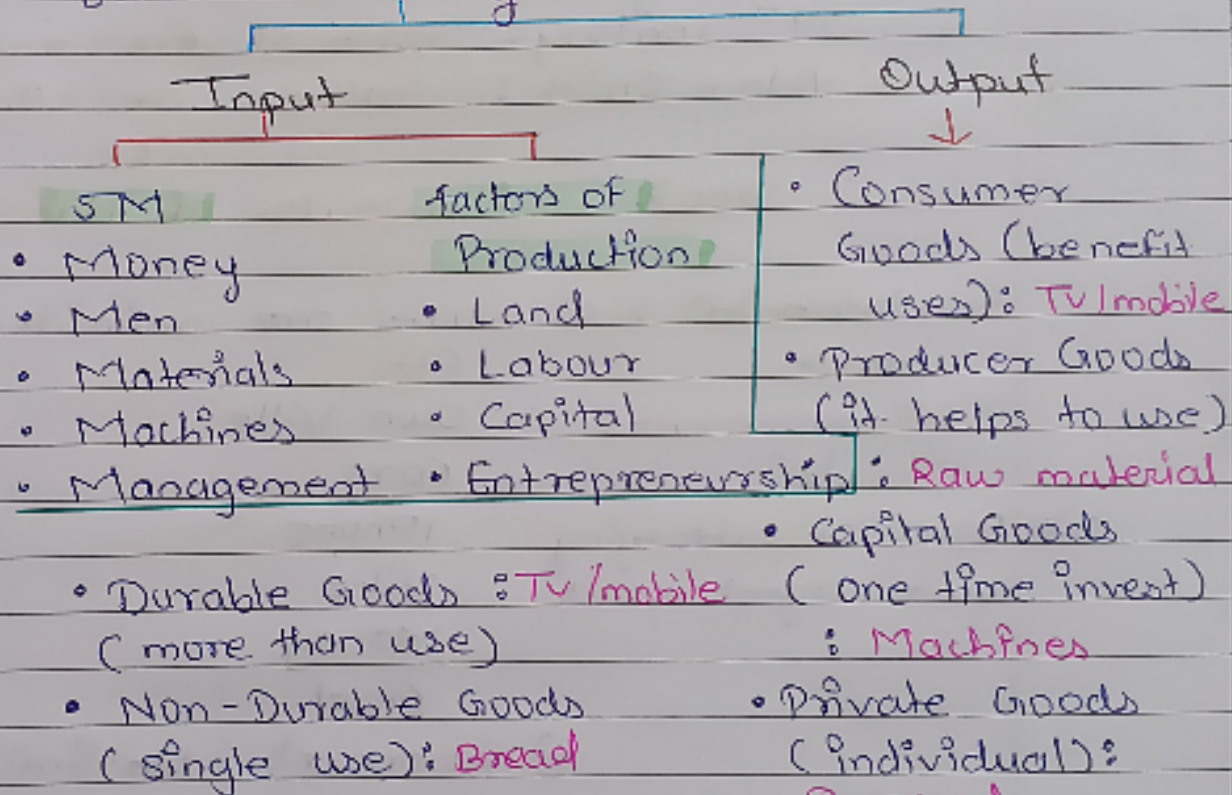


Unit 1: Introduction

* What is Business?

Economic Activity



* What is Economics?

Introduction:

Language : Greek

Word : Oikonomia

Meaning : Household

19th Century : Political Economy

Adam Smith : Father of Modern Economics

Book : Wealth of Nation

Fundamental : a) Wants are unlimited
facts

(Management)



We focus on satisfying most urgent wants

CA

Own Ville

Cars

iPhone

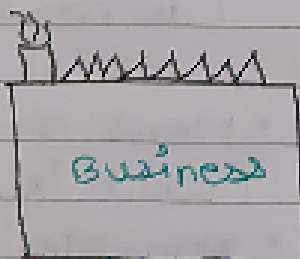
Bike

Money

Gold

b) Resources : ~~un~~ limited

* What is Business Economics?



Problem of Decision Making

eg. What Product?
Which Market?
At which price?

Decision Making

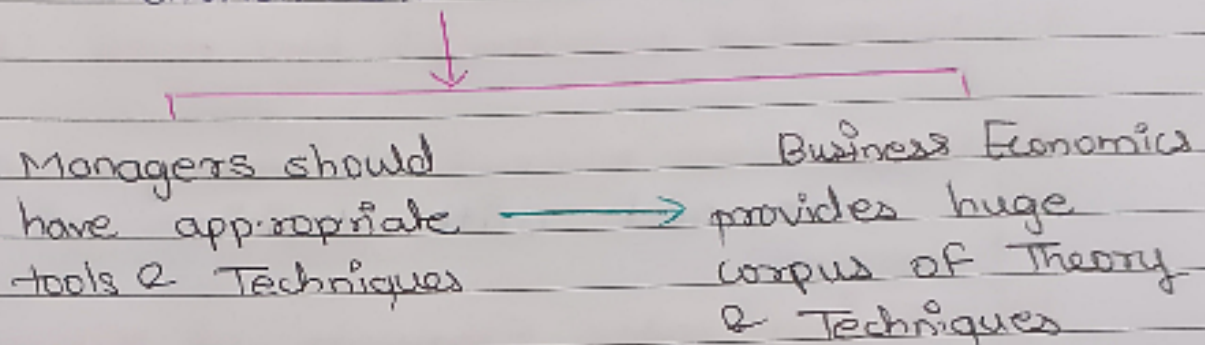
A1+1 A1+2 A1+3 A1+4

Most efficient & Effective for attainment of desired end

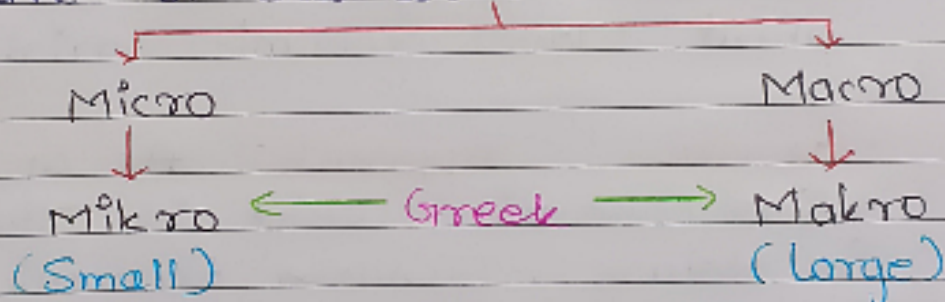
sound decision are Necessary for survival & success

//_

Decision Making is Not
Simple & straight forward
Due to Dynamic & Complex
Environment



* Nature of Business Economics



- Individual unit
- Slicing theory

- Totality
- Aggregative Economics

* Features

- It is Science:** Systematic Body of knowledge which studies Cause & Effect Relationship
- It is an Art:** Practise of knowledge

- _ _ _
- c) **Positive Economics: kya Hai?** statement (Pure science) of facts without any value judgement
 - d) **Normative Economics: kya Hona chahiye?**
 - e) **Based on Micro:** As managers are concerned with decision of Business
 - f) **Incorporates Elements of Macro:**
In order to take those decisions Business managers must be aware about Macro economic variables.
 - g) **Pragmatic in Approach:** As apposed to Micro Economic which is Theoretical in Nature, Business Economic is Pragmatic i.e. Based on practical & Real world.
 - h) **Interdisciplinary in Nature:** connected with other disciplinary
 - i) **Theory of Market & Private Enterprises:**

* Scope of Business Economics - Most of practical problems manager or firm faces

Quite wide

issues jo management ke control me hain

Internal issues or operational issues
(This solve by Micro Economics)

External issues or Environment issues
(This solve by Macro Economics)

Present - future
Management has no control

- 1) Demand Analysis & forecasting
- Demand Analysis behaviour of consumer preferences or effect changes in Determinants of demand
 - Demand forecasting future main goods & services forecast karna hai on the basis of past behaviour

- 1) Type of economic system
- 2) Stage of Business cycle
- 3) General trade in National Income, Employment, prices, saving & Investment
- 4) Government's economic policy - Industrial price competition policy, fiscal, foreign trade & globalization
- 5) Working central banks & financial sector & Capital Market & regulation
- 6) Socio-economic organisation - trade unions, producer & consumer unions & cooperatives
- 7) Social & political environment

- 2) Production & Cost Analysis
- They decide inputs & output decide profit maximising optimum size of output only choose appropriate technology & least cost input mix
- Cost Analysis desired level of output to recognise behaviour of cost

8) Social & political environment

3) Inventory Management

Can use minimise costs associated with maintaining inventory

4) Market Structure & Pricing Policies

It provides nature & extent of competition & entry also degree of market power price determine how different kinds of market conditions

5) Resource Allocation:

Action for optimum (best) utilisation of available resources

6) Theory of Capital & Investment Decisions

It evaluate Investment decisions & carry out sensible policy of capital

7) Profit Analysis measurement & management of profit under conditions of uncertainty

8) Risk & Uncertainty Analysis

↓
can be predict
↓
cannot predict