

Evolution of Economics

1. Wealth Definition - Adam Smith
2. Welfare Definition - Alfred Marshall
3. Scarcity Definition - Lionel Robbins
4. Growth Definition - Robert Solow and Trevor Swan

BUSINESS ECONOMICS

Business economics is a field in applied economics which uses economic theory and quantitative methods to analyze business enterprises and the factors contributing to the diversity of organizational structures and the relationships of firms with labour, capital and product markets.

Micro Economics

This is the study of the way individual units make decisions regarding the efficient allocation of their scarce resources. Also, these individual units are consumers or firms.

In Microeconomics the focus is on a small number of units rather than all units combined. Further, it does not give us a picture of the happenings in the wider economic environment.

Macro Economics

This is the study of the behavior of large economic aggregates like overall output levels, total consumption, etc. The study also includes the shift of these aggregates over time.

Macroeconomics analyzes the overall economic conditions which are an overall effect of millions of decisions made by different firms and consumers.

Nature of Business Economics

Since it originates from Economics, it has the basic features of Economics.

Business Economics is:

1. Close to Microeconomics
2. It incorporates elements of macroeconomics
3. Normative science
4. Prescriptive in nature
5. Is science as well as an art
6. Use of theory of markets and private enterprises
7. Interdisciplinary

Scope of Business Economics

1. Demand Analysis and Demand Forecasting
2. Production Analysis
3. Cost Analysis and Pricing in various markets
4. Profit Management
5. Capital Management