

**SM504MS: BUSINESS ECONOMICS AND FINANCIAL ANALYSIS****B.Tech. III Year I Sem.****L T P C**  
**3 0 0 3****Prerequisites:** None

**Course Objective:** To learn the basic Business types, impact of the Economy on Business and Firms specifically. To analyze the Business from the Financial Perspective.

**Course Outcome:** The students will understand the various Forms of Business and the impact of economic variables on the Business. The Demand, Supply, Production, Cost, Market Structure, Pricing aspects are learnt. The Students can study the firm's financial position by analysing the Financial Statements of a Company.

**UNIT – I****Introduction to Business and Economics:**

**Business:** Structure of Business Firm, Theory of Firm, Types of Business Entities, Limited Liability Companies, Sources of Capital for a Company, Non-Conventional Sources of Finance.

**Economics:** Significance of Economics, Micro and Macro Economic Concepts, Concepts and Importance of National Income, Inflation, Money Supply in Inflation, Business Cycle, Features and Phases of Business Cycle. Nature and Scope of Business Economics, Role of Business Economist, Multidisciplinary nature of Business Economics.

**UNIT - II****Demand and Supply Analysis:**

**Elasticity of Demand:** Elasticity, Types of Elasticity, Law of Demand, Measurement and Significance of Elasticity of Demand, Factors affecting Elasticity of Demand, Elasticity of Demand in decision making, Demand Forecasting: Characteristics of Good Demand Forecasting, Steps in Demand Forecasting, Methods of Demand Forecasting.

**Supply Analysis:** Determinants of Supply, Supply Function & Law of Supply.

**UNIT - III****Production, Cost, Market Structures & Pricing:**

**Production Analysis:** Factors of Production, Production Function, Production Function with one variable input, two variable inputs, Returns to Scale, Different Types of Production Functions.

**Cost analysis:** Types of Costs, Short run and Long run Cost Functions.

**Market Structures:** Nature of Competition, Features of Perfect competition, Monopoly, Oligopoly, Monopolistic Competition.

**Pricing:** Types of Pricing, Product Life Cycle based Pricing, Break Even Analysis, Cost Volume Profit Analysis.

**UNIT - IV**

**Financial Accounting:** Accounting concepts and Conventions, Accounting Equation, Double-Entry system of Accounting, Rules for maintaining Books of Accounts, Journal, Posting to Ledger, Preparation of Trial Balance, Elements of Financial Statements, Preparation of Final Accounts.

**UNIT - V**

**Financial Analysis through Ratios:** Concept of Ratio Analysis, Liquidity Ratios, Turnover Ratios, Profitability Ratios, Proprietary Ratios, Solvency, Leverage Ratios (simple problems).

Introduction to Fund Flow and Cash Flow Analysis (simple problems).