

**ECONOMICS AND BUSINESS ENVIRONMENT  
(IMB–202 )**

1. **Circular flow and National Income:** Circular flow in two, three and four sector economy ; Concepts in National Income : GNP, GDP, NNP, National Income at Market prices, National Income at factor cost, personal Income, Disposable Income, Measurement of national Income : Value added, Income and Expenditure approaches; Nominal and real GNP, Wholesale price index, consumer price index and the deflator.
2. **Monetary economics :** Evolution of money, functions of money, Bank and its functions, Indian money market, Commercial banks – need and functions, Reserve Bank of India – need and functions, Price indices – uses and limitations, Inflation – cost push, demand pull, causes, effects and control, deflation, Quantity theory of money.
3. **Public finance :** Public Revenue ; Public Expenditure; Fiscal policy : Objectives and scope of fiscal policy, Fiscal Policy Instruments : Taxation, Government Expenditure, Public Debt, Deficit Financing, Crowding-in and crowding out controversy, Budget basics : What is budget, Government Accounts, Revenue and capital budget, Revenue deficit, Fiscal deficit, primary deficit, plan and non-plan expenditure, adverse impact of a High fiscal deficit, VAT, MODVAT, CENVAT.
4. **International Trade and finance :** Need and importance of International Trade, Gains from International Trade; International organizations promoting Trade and Investment : IMF, IBRD, World Bank, ADB, WTO, India’s commitments to WTO; Balance of payments, The Capital Account convertibility debate; Instruments of Trade policy: Tariffs, Subsidies, Import Quotas, Voluntary Export Restraints, Local Content Requirements; Exchange rate mechanism.
5. **Economic Development and Welfare :** Characteristics of under developed economics and developed economics, Development Planning in India, Pre and Post Liberalization Planning, The Indian Capital Market, Welfare.

**Books:**

1. Business Environment; Saleem and Sahu; Pearson
2. Economic Environment of Business, H.L Ahuja , S. Chand