

Class - B.Com 1.

Subject: Business Economics
and Environment

Paper : 1

Unit : I

Topic : Difference between Economics
& Business Economics

Lecture

sequence No: 5

Prepared by :

Dr. Roy Anitakumari Pasamamand
Maswari College Durbhanga.

E. mail roy27583@gmail.com.

Difference Between Business Economics and Traditional Economics

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Business Economics.	Traditional Economics.
1. Business economics covers practical aspects.	Economics mainly covers theoretical aspects.
2. Business is mainly micro economic in character.	It lays equal emphasis on both micro and macro economic characters.
3. Business economics the main area of study is the problems of organisation.	In economics, the problems of individual and societies are studied.
4. Business economics is an application of economic principles to problem of firm.	It deals with the study of principles of Economics.
5. Business economics is a modern concept and is still developing.	Economics is a traditional subject that has prevailed from a long time.
6. Business economics both economic and non-economic factors are considered.	In economic factors are considered.
7. Business economics is a normative science.	Economics is a positive science.
8. It is based on directive (policy oriented) approach.	Economics is based on analytical and descriptive approach.

Business Economics

Traditional Economics

In it the theory of profit is studied but other theories of distribution are not found much useful.

In it all the theories of distribution as well as the theories of profit are studied.

Only microeconomics falls under the scope of business economics.

Both microeconomics and macroeconomics fall under the scope of economics.

Business economics is a part of economics and is limited to the economic problem of organisation.

Economics has a wider scope and covers the economic issues of nations.

Business Economics with forward planning and decision-making to enhance to enhance profit.

It deals with past economics events and present general policies and principles.

Business Economics deals with business activities based on real experience of the firm.

Its principles are based on assumptions and exceptions.

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Role of Managerial Economist

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The use of Business management is controlled by them, such as production quantity determined pricing, expansion and contraction of the business production method used in the firm whether to use installed capacity.

Finance capital and profit management and business use and internal elements come under in this case:

Managerial economists play an important role in managing management in the following area:

- ① For the future Purpose, the quantity of production quantity should be determined by the goods schedules and stock policy.
- ② Determining the budget of profit and Sales volume in the coming year.
- ③ what is the firm's credit policy in the future and what are the changes in it?
- ④ How many installed capacity should be used in the future and how much of the instruments should be applied, that the tools can be used?
- ⑤ How much cash will be available in the quarter of the coming year, half-yearly and suggest how to reduce the deficiency and how to use excessive etc.
- ⑥ In the next year what changes should be made in the ^{price} policy and wage policy?
- ⑦ what steps should be taken to cut Cost?
- ⑧ In the upcoming years, the business should be expanded and contracted, if yes how much?