



# GLOSSARY



1. **Accounting costs:-** accounting costs relate to those costs which involve cash payments by the entrepreneur of the firm. These are explicit cost and are the expenses already incurred by the firm.
2. **Advertisement Elasticity:-** advertisement elasticity of sales or promotional elasticity of demand is the responsiveness of a good's demand to changes in firm's spending or advertising. The advertising elasticity of demand measures the percentage change in demand that occurs given a one percent change in advertisement expenditure.
3. **Average product:-** average product is the total product per unit of the variable factor.
4. **Average revenue:-** it is the revenue earned per unit of output. It is nothing but the price of one unit of output.
5. **Business cycle:-** the rhythmic fluctuations in aggregate economic activity that an economy experiences over a period of time are called business cycles or trade cycles. A typical business cycle has four distinct phases namely Expansion, Boom, Contraction, Trough.
6. **Business Economics:-** The use of economic analysis to make business decisions involving the best use of an organization's scarce resources.
7. **Capital:-** capital is that part of wealth of an individual which is used for further production of wealth. Capital is a stock concept which yields a periodical income which is a flow concept.
8. **Capitalist Economy:-** an economic system in which all means of production are owned and controlled by private individuals for profit.
9. **Cartel:-** cartel refers to a group of firms that explicitly agree to coordinate their activities.
10. **Consumer goods:-** those goods which are used for final consumption.
11. **Consumer surplus:-** is defined as the excess of price that the the consumer is ready to pay from which he actually pays.
12. **Cost analysis:-** the study of behavior of cost in relation to one or more production criteria, namely, size of output, scale of operations, prices of the factor of production and other relaveant economic variables.
13. **Cross Demand:-** it refers to the quantities of a commodity or service which will be purchased with reference to changes in price, not of that particular commodity, but of other inter-related commodities, other things remaining the same.
14. **Cross Elasticity:-** a change in the demand for one good in response to a change in the price of another good reprints cross elasticity of demand of the former good for the latter good.

15. **Demand:-** the various quantities of a given commodity or service which the consumers would buy in one market during a given period of time, at various prices, or at various incomes, or at various prices of related goods.
16. **Demand forecasting:-** it is the art and science of predicting the probable demand for a product or a service at some future date on the basis of certain past behaviour patterns of some related events and the prevailing trends in the present.
17. **Economics:-** it is the branch of knowledge which is concerned with production, consumption and transfer of wealth.
18. **Economic cost:-** the cost which takes into account the explicit as well as the implicit cost is known as Economic cost.
19. **Economic system:-** an economic system refers to the sum total of arrangements for the production and distribution of goods and services in a society. It includes various individuals and economic systems.
20. **Elasticity of demand:-** it is defined as the responsiveness of the quantity demanded of a good to changes in one of the variables on which demand depends. More precisely, elasticity of demand is the percentage change in quantity demanded divided by the percentage change in one of the variables on which demand depends.
21. **Elasticity of Supply:-** it is defined as the responsiveness of the quantity supplied of a good to a change in its price.
22. **Entrepreneur:-** a factor which mobilizes all other factors of production like land, labour, capital, and combines them in the right proportion, initiates the process of production and bears the risk involved in it.
23. **Equilibrium price:-** the price at which the wishes of both the buyers and sellers are satisfied. At this price, the amount that buyers want to buy and sellers want to sell are equal.
24. **Fixed cost:-** the costs which do not vary with the level of output upto a certain level of activity are known as fixed cost.
25. **Income Elasticity:-** it is the degree of responsiveness of quantity demanded of a good to changes in the income of consumers.
26. **Indifference curve:-** it is a curve which represents all those combinations of two goods which give same satisfaction to the consumer.
27. **Indifference map:-** a collection of many indifference curves where each curve represents a certain level of satisfaction. In short, a set of indifference curves is called indifference map.
28. **Inferior goods:-** inferior goods are those goods whose quantity demanded decreases with the increase in money income.
29. **Isoquant:-** an isoquant represents all those combinations of inputs which are capable of producing the same level of output.
30. **Labour:-** the term labour means any mental or physical exertion directed to produce goods and services.

31. **Land:-** the term “land” is used in a special sense in economics. It does not mean soil or earth’s surface alone, but refers to all free gifts of nature.
32. **Macro economics:-** it is the study of the overall economic phenomena of the economy as a whole, rather than its individual parts. Accordingly, in Macro Economics, we study the behavior of the large economic aggregates.
33. **Marginal cost:-** marginal cost is the addition made to the total cost by production of an additional unit of output.
34. **Marginal product:-** it is the change in total product per unit change in the quantity of variable factor.
35. **Marginal revenue:-** it is the change in total revenue resulting from the sale of an additional unit of the commodity.
36. **Marginal utility:-** it is the addition made to total utility by the consumption of an additional unit of a commodity.
37. **Market:-** a market is a collection of buyers and sellers with a potential to trade. The actual or potential interactions of the buyers and sellers determine the price of a product or service.
38. **Market demand:-** it is defined as the sum of individual demands for a product at a price per unit of time.
39. **Micro economics:-** it is basically the study of behavior of different individuals and organizations within an economic system. Here the focus is on a small number of group of units rather than all the units combined.
40. **Mixed economy:-** an economic system which depends on both markets and governments for allocation of resources. The aim is to include the best features of both Capitalist and Socialist Economy.
41. **Monopolistic competition:-** this type of market is characterized by many sellers selling differentiated products to many buyers.
42. **Monopoly:-** it is a situation where there is a single seller and many buyers. The product sold does not have any close substitutes.
43. **Normative Economics:-** it is that part of economics that expresses value judgements about economic fairness or what the outcome of the economy or goals of public policy ought to be.
44. **Oligopoly:-** there a few sellers selling competing products to many buyers.
45. **Perfect competition:-** it is a type of market which is characterized by many sellers selling identical products to many buyers.
46. **Positive Economics:-** it is the branch of economics that concerns the description and explanation of economic phenomena. It focuses on facts and cause and effect relationships.
47. **Price discrimination:-** it is a method of pricing adopted by a monopolist to earn abnormal profits. It refers to the practice of charging different prices for different units of the same commodity.
48. **Price elasticity:-** it expresses the response of quantity demanded of a good to a change in its price, given the consumer’s income, his tastes and prices of all other goods.

49. **Producers goods:-** producers goods are those goods which are used for the production of other goods- either consumer goods or producer goods themselves.
50. **Production:-** it is the organized activity of transforming resources into finished products in the form of goods and services.
51. **Social cost:-** social cost refers to the total cost borne by the society on account of a business activity and includes private cost and external cost.
52. **Socialist economy:-** an economic system where the resources are allocated according to the commands of a central planning authority and market forces have no role to play in the allocation of resources.
53. **Supply:-** it refers to the amount of a good or service that the producers are willing and able to offer to the market at various prices during a given period of time.
54. **Total utility:-** it is the sum of utility derived from different units of a commodity consumed by a consumer.
55. **Utility:-** utility is the anticipated satisfaction by the consumer, and satisfaction is the actual satisfaction derived.
56. **Variable cost:-** these costs are a function of output and hence vary with the production.