

# MTH - 201: Business Mathematics - I

## **Course Objectives**

The course introduces mathematical techniques through examples of their application to economic and business concepts. It also tries to get students tackling problems in economics and business using these techniques as soon as possible so that they can see how useful they are. The purpose of the course, then, is to present mathematical skills and concepts, and to apply them to ideas that are important to the management students.

In addition, three course includes the basics of spreadsheet operations relating to solving equations, systems of equations, quadratic equations, matrices, the Mathematics of Finance and some numerical methods as well.

## **Contents**

Straight lines and Functions, their Applications in Market Analysis, Excel for Linear Functions Simultaneous Equations and Use them in Equilibrium Market Analysis, Quadratic Equations and Economic Applications, Non-linear Functions, Numerical Methods for Solving Nonlinear Equations, their Graphs and Applications, Financial Mathematics, Excel for Financial Mathematics, Differentiation and Applications in Marginal Analysis, Economic Applications in Optimization.

## **Detailed Course**

### **Unit 1. Straight lines and Functions 6 hrs**

Straight lines, Linear Functions,

Applications: demand, supply, cost, revenue, Elasticity of demand, supply and income,

Budget and cost constraints, Method of Least Squares;

**Lab. Work:** Introducing Excel, Excel for linear functions.

### **Unit 2. Simultaneous equations 6 hrs**

Simultaneous linear equations, Equilibrium and break-even, Consumer and producer surplus, the *IS-LM* model

**Lab. Work:** Excel for simultaneous linear equations.

### **Unit 3. Quadratic Equations 7 hrs**

Graphs of Quadratic Functions, Quadratic Equations, Applications to Economics;

**Lab. Work:** Excel for quadratic equations.

### **Unit 4. Non-linear functions, their graphs and applications 10 hrs**

Cubic and other polynomial functions, Exponential functions, Logarithmic functions,

Hyperbolic functions of the form  $a/(bx + c)$ ;

Bisection method, Newton-Raphson method for solving nonlinear equations;

**Lab. Work:** Excel for non-linear functions;

**Smart math calculator** (software): Bisection method, Newton-Raphson method.

### **Unit 5. Financial mathematics**

**10 hrs**

Arithmetic and geometric sequences and series; Simple interest, compound interest and annual percentage rates, Depreciation, Net present value and internal rate of return, Annuities, debt repayments, sinking funds; Relationship between interest rates and the price of bonds;

**Lab. Work:** Excel for financial mathematics.

### **Unit 6. Differentiation and applications**

**9 hrs**

Slope of a curve and differentiation, Rules of differentiation, Differentiation and marginal analysis, Optimization for functions of one variable, Economic applications of maximum and minimum points, Curvature and other applications, Elasticity and the derivative;

**Lab. Work:** Excel for applications of derivatives.

### **References**

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Frank S. Budnick, *Applied Mathematics for Business, Economics, and the Social Sciences*, McGraw-Hill Ryerson, Limited.

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Vassilis C. Mavron, Timothy N. Phillips, *Mathematics for Economics and Finance*, Springer-Verlag.

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Mike Rosser, *Basic Mathematics for Economists*, Routledge Taylor & Francis Group

Alpha C. Chiang, *Fundamental Methods Of Mathematical Economics*, McGraw-Hill, Inc.

Srinath Baruah, *Basic Mathematics and its Application in Economics*, Macmillan India.

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