

# **MANAGERIAL ECONOMICS**

## **UNIT –I**

### **Significance of Economics and Managerial Economics:**

**Economics:** Definitions of Economics- Wealth, Welfare and Scarcity definitions Classification of Economics- Micro and Macro Economics.

**Managerial Economics:** Definition, Nature and Scope of Managerial Economics, Differences between Economics and Managerial Economics, Main areas of Managerial Economics, Managerial Economics with other disciplines.

## **UNIT-II**

### **Demand and Utility Analysis:**

**Demand** - Definition, Meaning, Nature and types of demand, Demand function, Law of demand - Assumptions and limitations. Exceptional demand curve.

**Elasticity of demand** - Definition, Measurement of elasticity, Types of Elasticity (Price, Income, Cross and Advertisement), Practical importance of Price elasticity of demand, Role of income elasticity in business decisions, Factors governing Price Elasticity of demand.

**Utility Analysis:** Utility- Meaning, Types of Economic Utilities, Cardinal and Ordinal Utility, Total Utility, Marginal Utility, The law of Diminishing Marginal Utility and its Limitations.

## **UNIT –III**

### **Theory of Production and Cost analysis:**

**Production** - Meaning, Production function and its assumptions, use of production function in decision making;

**Cost analysis** - Nature of cost, Classification of costs - Fixed vs. Variable costs, Marginal cost, Controllable vs. Non - Controllable costs, Opportunity cost, Incremental vs. Sunk costs, Explicit vs. Implicit costs, Replacement costs, Historical costs, Urgent vs. Postponable costs, Escapable vs. Unavoidable costs, Economies and Diseconomies of scale.

## **UNIT –IV**

**Market Structures:** Definition of Market, Classification of markets; Salient features or conditions of different markets - Perfect Competition, Monopoly, Duopoly , Oligopoly, Importance of kinked demand curve ;Monopolistic Competition.

## **UNIT –V**

### **Pricing and Business Cycles:**

**Pricing Analysis :** Pricing – Significance; Different Pricing methods- Cost plus pricing, Target pricing, Marginal cost pricing, Going -rate pricing, Average cost pricing, Peak load pricing , Pricing of joint Products, Pricing over the life cycle of a Product, Skimming pricing Penetration pricing, Mark- up and Mark- down pricing of retailers.

**Business cycles** - Definition, Characteristics, Phases, Causes and Consequences; Measures to solve problems arising from Business cycles.