

Managerial Economics

Course Objectives

Managerial economics is a prerequisite course for acquainting students with the various principles of business decision making. This subject provides an introduction to the logic of marginal analysis, the analysis and application of demand, cost analysis, and elements of demand and supply. The subject also provides an introduction to the determination of aggregate income and employment with an analysis of fiscal and monetary policy. Policy issues relating to overall aggregate demand management will be discussed. It will create awareness on the micro and macroeconomic environment and will help to increase decision making skills of the graduates.

Syllabus

Basic Concepts in Managerial Economics, Demand Analysis, production and cost of production, Market Structure and Pricing, Profit, break-even analysis, Budget and Basic Budgeting Concepts

Expected Outcome

The successful completion of the course, the students will have fundamental knowledge in the economic aspects of demand, pricing, and production. The candidates will be able to analyse business systems in terms of the economies it creates to firms. The course will enable them to become efficient managerial decision makers when economic aspects play important role.

References

1. Yogesh, Maheswari, Management Economics, PHI learning, New Delhi, 2012
2. D.M. Mithani, Managerial Economics, 5/e, Himalaya Publishing House, Mumbai, 2011
3. Geethika, Ghosh & Choudhury, Managerial Economics, 2/e, McGraw Hill. 2011
4. David K.H. Begg, Rudiger Dornbusch, Stanley Fischer, Economics, McGraw-Hill Publishing Co. 2008
5. Uma Kapila, Indian Economy since Independence, Accademic Foundation, Gaziabadh, 2011
6. Koutsoyiannis, Modern Micro Economics, 2/e, Macmillan Press Ltd. 2003

COURSE PLAN

Basic Concepts in Managerial Economics: Definitions, concepts, role of managerial economist in business decision making. Demand Analysis: Demand curve and Demand function, laws of demand, elasticity of demand and its estimation, Total and Marginal Revenue, Classification of goods based on income elasticity of demand, Price Elasticity, Income Elasticity and Cross Elasticity, Demand forecasting and forecasting methods.

Production and Cost of Production: Production function, cost and output relationship, cost function in the short run and in the long run, cost concepts, practical applications of cost functions. Marginal Costing and applications. Indifference Curves, ISO-Quants & ISO-Cost line. Cost volume Profit analysis: economies of scale, economies of scope, economies and dis-economies of production, business cycle and its implications.

First Internal Examination

Market Structure and Pricing: Meaning, perfect competition, monopolistic competition, monopoly, oligopoly, cartel, types of cartels. Limit Price Theories of J.S Bain, Sylos-Labni, Behavioral model of Cyrit and March, managerial theories of firm, Baumol's Sales Revenue Maximisation, O. Williamson's model on managerial enterprise, Marri's model of balanced growth, Break even analysis and its implications. Use of a case discussion will enhance the understanding of the students about these topics.

Profit: Determinants of Short-term & Long-term profits. Classification – Measurement of Profit. Break Even Analysis – Meaning, Assumptions, Determination of BEA, Limitations, Uses of BEA in Managerial decisions

Second Internal Examination

Budget and Basic Concepts: Meaning, basic concepts, plan and non-plan expenditure, fiscal deficit, revenue deficit, inflation and types, bank rate, SLR, CRR, repo, reverse repo, market operations, quantitative credit control, exchange rate management, monetary fiscal policy and practices in India, Quantity theory of money, Fischer – Keynes - Triedman - Tobin Theories. A case discussion is desirable in these topics.

End Semester Examination