

**FYBCOM**

**Subject: Managerial Economics**

**Title: Fundamentals of Managerial Economics**

**Objectives:**

At the end of the Semester, a student opting for this subject Managerial Economics should be equipped to understand –

- The nature and scope of Managerial Economics;
- The theoretical framework of Microeconomics;
- The important microeconomic concepts with the help of numerical problems, Case studies and graphical presentations.

<b>Semester: I</b>	<b>Subject Code: C 11503</b>	<b>Lectures: 48</b>
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**Unit 1: Introduction**

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- Definition and Features of Managerial Economics
- Nature & Scope of Managerial Economics
- Relationship with Economics and other sciences



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Industry Expert- Mr. Haldavnekar *Haldavnekar*

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**Unit 2 : Firm and its objectives**

- Meaning of a Firm
- Traditional Objective of a firm: Profit Maximization
- Other alternative objectives
  - Objective of Sales Maximisation
  - Objective of Utility Maximization
  - Objective of Shareholders' Wealth Maximization
  - Objective of Growth
  - Objective of Long Run Survival
  - Objective of Satisficing Behaviour

**Unit 3. Demand Analysis and Revenue Concepts**

- Meaning and Determinants of Demand
- Law of Demand, Assumptions and Exceptions
- Elasticity of Demand
  - Price Elasticity of Demand-Concept, Types and Measurement
  - Importance of Price Elasticity of Demand
  - Income Elasticity of Demand-Concept, Types and Measurement
  - Cross Elasticity of Demand-Concept, Types and Measurement
- Revenue Concepts
  - Total Revenue, Average Revenue and Marginal Revenue
- Revenues under Perfect Competition and Imperfect Competition
- Relationship between Elasticity of Demand, MR, AR and TR.

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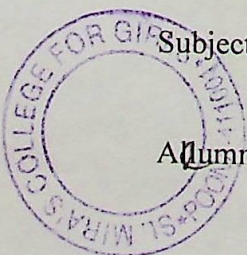
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**Unit 4. Empirical Demand Analysis**

10

- Meaning and Need for Demand Forecasting
- Types of Demand Forecasts
- Methods of Demand Forecasting
  - For Established Products
  - For New Products

**Unit 5. Production Function**

12

- Concepts
  - Production Function
  - Total Product, Average Product and Marginal Product
- Law of Variable Proportions
- Law of Returns to Scale
- Economies of Large Scale Production
  - Internal Economies and Diseconomies of Scale
  - External Economies and Diseconomies of Scale



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**Subject: Managerial Economics**

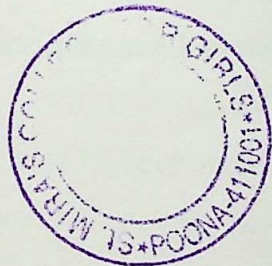
**Title: Fundamentals of Managerial Economics**

**Objectives:**

At the end of the Semester, a student opting for this subject Managerial Economics should be equipped to understand –

- Cost Structures;
- Market Structures;
- A Firm in a Changing Business Environment.

<b>Semester: II</b>	<b>Subject Code: C 21503</b>	<b>Lectures: 48</b>
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<b>Unit 1. Cost concepts</b>	12
<ul style="list-style-type: none"><li>• Concepts<ul style="list-style-type: none"><li>▪ Opportunity Cost</li><li>▪ Economic and Accounting Costs</li><li>▪ Fixed Cost &amp; Variable Cost</li><li>▪ Total Cost, Average Cost &amp; Marginal Cost</li></ul></li><li>• Short-run Cost Curves of a Firm<ul style="list-style-type: none"><li>▪ Short Run Total Cost Curve, Short Run Total Fixed Cost Curve and Short Run Total Variable Cost Curve</li><li>▪ Short Run Average Fixed Cost Curve, Short Run Average</li></ul></li></ul>	

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Variable Cost Curve, Short Run Average Total Cost Curve and  
Short Run Marginal Cost Curve

- Long run Cost Curves of a Firm
  - Long Run Average Cost Curve
  - Long Run Cost Curve and Economies of Scale

**Unit 2. Market Structures I**

10

- Pure and Perfect Competition
  - Meaning and Features
  - Price and Output Determination under Perfect Competition in the Short-run and Long-run; Firm and Industry
- Monopoly
  - Meaning and Features
  - Types of Monopoly
  - Price & Output Determination under Monopoly in the Short run and Long-run
  - Price & Output Determination under Monopoly in the long run
- Price Discrimination
  - Meaning, Degrees And Forms of Price Discrimination
  - Conditions for Price Discrimination



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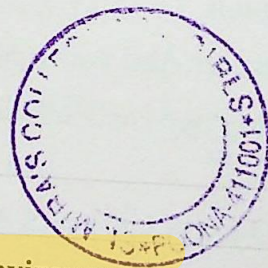
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<b>Unit 3. Market Structures II</b>	08
<ul style="list-style-type: none"> <li>• Monopolistic Competition             <ul style="list-style-type: none"> <li>▪ Meaning and Features of Monopolistic Competition</li> <li>▪ Price &amp; Output Determination in the short run</li> <li>▪ Price &amp; Output Determination in the long run</li> <li>▪ Concepts of Product Differentiation and Selling Cost</li> </ul> </li> <li>• Oligopoly</li> <li>• Meaning and Features of Oligopoly</li> <li>• Types of Oligopoly</li> </ul>	

<b>Unit 4. Pricing Practices</b>	8
<ul style="list-style-type: none"> <li>• Objectives of Price Policy</li> <li>• Factors involved in Pricing Policy</li> <li>• Pricing Methods             <ul style="list-style-type: none"> <li>▪ Cost Plus Pricing</li> <li>▪ Marginal Cost Pricing</li> <li>▪ Administered Pricing</li> <li>▪ Transfer Pricing</li> </ul> </li> </ul>	



<b>Unit 5. Firm and Changing Business Environment</b>	10
<ul style="list-style-type: none"> <li>• Meaning and Definition of a Business Environment</li> </ul>	

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- Factors Contributing to the Business Environment
  - Economic Factors
  - Social Factors
  - Cultural Factors
  - Technological Factors
  - Legal Factors
  - Political Factors
  - Locational Factors
  - Ecological Factors
- Meaning and Features of Nationalisation
- Meaning and features of Privatization
- Meaning and Features of Liberalization
- Meaning and Features of Globalization
- International Business Environment

### Recommended Text Books:

Ahuja H.L.(1995) "Advanced Economic Theory" S. Chand & Co. 8<sup>th</sup> edition.

Chrystal Alec K & Lipsey Richard G (1997) "Economics for Business and Management" Oxford University Press.

Dwivedi D.N. (2001) "Managerial Economics" Vikas Publishing House, 6<sup>th</sup> edition.

Harrison Barry, Charles Smith & Brinley Davies (1992) "Introductory Economics" Macmillan Press Ltd.

Salvatore Dominick (1996) "Managerial Economics in a Global Economy" McGraw Hill Inc.

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### Reference Books:

- Chaturvedi D.D, Gupta S.I & Pal Sumitra (2000) "Business Economics-Text & Cases" Galgotia Publishing Co.
- Haynes Warren W, Mote Vasant L & Samuel Paul (1970) "Managerial Economics" The Dryden Press.
- Mankar V. G. (1999) "Business Economics" Macmillan India.
- Mansfield Edwin (1996) "Managerial Economics" W.W Norton & Co. Inc, 3<sup>rd</sup> edition.
- Peterson Craig H & Lewis Cris W (1994) "Managerial Economics" Prentice-Hall of India.
- RoyChowdhury K.C. (1991) "Microeconomics" Tata-McGraw Hill.
- Seo K.K (1988) "Managerial Economics" Surjeet Publications.
- Saleem Shaikh (2006) "Business Environment", Pearson Education.
- Salvatore Dominick (1996) "Theory & Problems of Microeconomic Theory" Schaum's Outline Series.
- Samuelson P.A. Nordhaus William D (1992) "Economics" Tata-McGraw Hill Publishing Co.
- Taylor John B. (1997) "Economics" AITBS Publishers & Distributers, New Delhi.
- 'Economics for Business' Sloman, Sutcliff, Pearson Education.

### Workbooks

- Robinson Study Guide to accompany "Economics" by Samuelson P.A 10<sup>th</sup> edition.
- Still well J.A, Lipsey R.G & Clarke Rosemary "Workbook to accompany -An Introduction to Positive Economics" 6<sup>th</sup> edition

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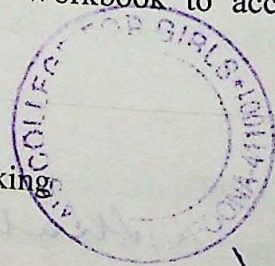
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