

PCO 4323

MANAGERIAL ECONOMICS

4 Hrs / 3 Cr

This course develops managerial perspective to economic fundamentals as aids to decision making under given environmental constraints and to illustrate the application of economic theory and methodology as an alternative in managerial decisions.

UNIT I

Nature and Scope of Managerial Economics: Objective of a firm, Economic theory and managerial theory, Managerial economist's roles and responsibilities, Fundamental economic concepts – Incremental principle, Opportunity Cost principle, Discounting Principle, Equi-marginal principle.

UNIT II

Demand Analysis: Individual and market demand functions, Law of Demand, Determinants of demand, Elasticity of demand: its meaning and importance, Price elasticity, Income elasticity, Cross elasticity, Using elasticity in managerial decisions.

UNIT III

Theories of Consumer Choice: Cardinal utility approach, Indifference approach, revealed preference and theory of consumer choice under risk, Demand estimation for major consumer durable and non – durable products, Demand forecasting techniques.

Production theory: Production function, Production with one and two variable inputs, Stages of Production, Economies of scale, Estimation of production function, Cost theory and estimation, Economic value analysis, Short and long run cost functions: nature, shape and inter-relationships, Law of variable proportions, Law of returns to scale.

UNIT IV

Price Determination and Pricing Practices: Characteristics of different market structures, Price determination and firm's equilibrium in short run and long run under perfect competition, monopolistic competition, oligopoly and monopoly. Methods of price determination in practice, Pricing of multiple products, Price discrimination, International price determination and dumping, Transfer pricing.

UNIT V

Business cycles: Nature, Phases of business cycle, Theories of business cycle - Psychological, Profit, Monetary, Innovation, cobwebs Samuelson and Hicks theories. Inflation: Definition, characteristics, types, Inflation in terms of demand, Pull and push factors, Effects of inflation and Deflation.

Text Book:

1. Dr.R.L Varshney, Managerial Economics, Sultan Chand and Sons, New Delhi, 22nd Revised Edition, 2014

References:

1. Dwivedi DN: Managerial Economics, Vikas Publishing House, New Delhi, 2015
2. Mithani D M, Managerial Economics: Theory & Applications, Himalaya Publishing House, 2016
3. Kulkarni, Managerial Economics, Tamilnadu Book House, 2012