

M.Com(Previous)

Correspondence Course

Paper I.2 Managerial Economics

The objectives: This course develops managerial perspective to economic fundamental as aids to decision making under given environmental constraints.

Course inputs:

Unit 1: Nature and scope of managerial economics: objectives of a firm, economic theory and managerial theory, role of managerial economists, micro-economic analysis, positive and normative approach, core economic concepts-incremental opportunity and discounting principles, equi-marginal principles and decision-science.

Unit 2: Demand analysis and forecasting: individual and market demand functions, law of demand, determinants of demand, elasticity of demand, types of demand elasticity, Elasticity and managerial decisions, market equilibrium, demand forecasting, methods of demand forecasting, Demand forecasting techniques and current forecasting practices in business.

Unit 3: Cost analysis and determinants: cost concepts and classifications, cost-relationship, cost-output relationship in short-run and long-run, economics of scale and diseconomics of scale, cost-control and cost-reduction in business.

Unit 4: Production theory and law of supply: production function-production with one and multi-variable inputs; stages of production; economics of scale, estimation of production function-cost theory and estimation; economic value analysis; short and long run cost functions, nature, shape and inter relationship, law of variable proportions, law of returns to scale, law of supply and elasticity of supply.

Unit 5: Price determination under different market conditions and pricing practice, 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 pricing practices-methods of price determination practice, pricing of multiple products, price discrimination, international price discrimination and dumping, transfer pricing.

Unit 6: Theory 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.

Unit 7: Knowledge economy and basic framework: knowledge management, different dimensions and features of knowledge economy, knowledge as a factor of production, internet economy, k-profit and k-business, web-based technical services.

Unit 8: Business cycles: Nature and phases of a business cycle, theories of business cycle-psychological, profit, monetary, innovation, cobweb, Samuelson and Hick's theories, evil effects of cyclical fluctuations on business firms and minimizing negative effects of business cycles, inflation, demand pull and cost push inflation.

References:

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- Varian, H.R: International Micro economics: A Modern Approach, East West Press, New Delhi.
- Varshney RL and Maheshwari KL: Managerial Economics; Sultan Chand and Sons, New Delhi
- Dwivedi DN: Managerial Economics, Vikas Publishing House, New Delhi.
- Adhikary.M.Business Economics, Excel Books, New Delhi.
- Paul G Keat and Philip.K.Y. Yound, Managerial Economics, Economic
- Tools for today's Decision makers. Pearson education.
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- Mithani.M.L, Managerial Economics, Theory and applications, Himalaya Publishing House.