

SUBJECT: MANAGERIAL ECONOMICS

UNIT 1 INTRODUCTION TO MANAGERIAL ECONOMICS

- Introduction – What Managerial Economics is about
- Definitions of Managerial Economics
- Nature & Scope of Managerial Economics
- Chief Characteristics of Managerial Economics
- Significance of Managerial Economics
- Fundamental concepts in Managerial Economics (Opportunity Cost, Discounting and Equi-Marginal
- Role & Responsibilities of a Managerial Economist in Business

UNIT 2 FUNDAMENTALS AND ADVANCED CONCEPTS OF ME – TYPES OF MARKET

- Perfectly Competitive Market
 - i) Features of a Perfectly competitive market
 - ii) Demand curve facing the Firm & Industry under Perfect competition
 - iii) Equilibrium of the Firm & Industry under Perfect competition in Short-run & Long run
- Monopoly
 - i) Features & causes of Monopoly
 - ii) Nature of Demand curve & Marginal revenue curve under Monopoly
 - iii) Price & output under Monopoly in Short-run & Long-run
- Monopolistic Competition
 - i) Features of Monopolistic competition
 - ii) Nature of Demand curve (AR) & Marginal Revenue(MR)curves
 - iii) Concept of Group Equilibrium
- Oligopoly
 - i) Features
 - ii) Classifying oligopoly situation
 - iii) Kinked Demand Curve
- Duopoly
 - i) Cournot's model of duopoly
 - ii) Reaction curves approach
 - iii) Chamberlain's model of duopoly

UNIT 3 BUSINESS CYCLE, INFLATION, DEFLATION

- Introduction and definition of business cycle
- Characteristics of business cycle
- Types of business cycle
- Phases of business cycle
- General measures to control business cycle
- Inflation

- i) Meaning
- ii) Causes of inflation
- iii) Types of inflation
- iv) Remedial measures to control inflation
- v) Stagflation – concept of inflationary gap by Keynes - effects of inflation
- Deflation
 - i) Meaning
 - ii) Causes of deflation
 - iii) Effects of deflation on economy
 - iv) Remedial measures to control deflation
- Difference between inflation and deflation

UNIT 4 DEMAND ANALYSIS & FORECASTING

- Meaning and definition of demand
- Individual demand & Market demand, Demand Schedule, Demand Curve
- Reasons for downward sloping demand curve
- Determinants of demand,
- Law of demand
 - Assumptions, Function, Exceptions to the law of demand
- Types of demand
 - Demand for consumers goods and produce's goods, Autonomous demand and company demand, price demand, Income demand, cross demand, short run demand and long run demand Industry demand and firm demand,
- Demand Forecasting
 - i) Meaning & significance
 - ii) Methods of demands forecasting (in detail)
 - iii) Criteria of a good forecasting method

UNIT 5 SUPPLY AND MARKET EQUILIBRIUM

- Supply Analysis
 - i) Meaning
 - ii) Law of supply
 - iii) Determinants of supply
 - iv) Elasticity of supply
 - Types
 - Methods
 - Determinants
- Market Equilibrium and Changes in Market Equilibrium

UNIT 6 CONSUMPTION AND INVESTMENT FUNCTION

- Consumption
 - i) The cardinal approach to consumer equilibrium
 - ii) The ordinal utility theory
 - iii) Derivation of demand curve by using indifference curve approach
- Investment Function

- i) Investment Function
- ii) Capital budgeting
- iii) Marginal efficiency of capital and business expectations, Multiplier, Accelerator

UNIT 7 PRODUCTION ANALYSIS

- Production Analysis
 - i) Meaning & classification of Factors of Production
 - ii) Meaning & significance of Production Function in Business
 - iii) Linear Homogeneous Production function
 - iv) Short-run & Long-run Production function
 - v) Production Function with Two Variable Inputs
 - Meaning & General Properties of Iso-Quants
 - Marginal Rate of Technical Substitution(MRTS)
 - vi) Cobb-Douglas Production function
- Cost Analysis
 - i) Various concepts of cost
 - ii) Cost function
 - iii) Types of costs: total cost - fixed cost - average fixed cost - variable cost - total variable cost - Average total cost – marginal cost
 - iv) Short run and long run cost functions
 - v) Cost reduction and cost control

UNIT 8 PRICE DETERMINATION

- Price Determination under Perfect Competition
- Price Determination under Monopoly
- Price & Output determination in short-run & Long Run under Monopolistic Competition
- Price Leadership in duopoly (Types, Characteristics)

UNIT 9 REVENUE ANALYSIS

- Introduction and concept of revenue
- Total revenue, Average revenue, Marginal revenue
- Revenue Curves
- Relationship between average revenue and marginal revenue in different market conditions

UNIT 10 RELATIONSHIP OF MANAGERIAL ECONOMICS WITH OTHER DISCIPLINES

- With Economics
- With Accounting
- With Mathematics
- With Operation Research
- With Decision making theory
- With Statistics