

## SECTION : I

### 1. Meaning, Nature and Scope of Managerial Economics

Background to Managerial Economics ; Difference between Micro and Macro-Economics; Meaning of Managerial Economics; Nature and Scope of Managerial Economics; Difference between Managerial Economics and Traditional Economics; Fundamental concepts of Managerial Economics; Decision Making Process; Relationship of Managerial Economics with other Streams; Role and responsibilities of Managerial Economist.

## SECTION : II

### 2. Demand Analysis

Meaning of Demand; Law of Demand; Demand Schedule and Demand Curves; Types of Demand; Demand Function; Reasons for Demand Curve to Slope Downward; Exceptional Demand Curve; Expansion and Contraction Vs. Increase and Decrease in Demand; Factors Affecting Demand; Numerical Problems on Demand Function.

### 3. Elasticity of Demand

Meaning and Types of Elasticity; Degree's or Types of Price Elasticity; Measurement of Price Elasticity; Determinants of Price Elasticity of Demand; Importance of Elasticity in Decision-Making; Degrees or Types of Income Elasticity; Engel Curve; Degrees or Types of Cross Elasticity of Demand; Numerical Problems on Elasticity of Demand.

### 4. Demand Distinctions

Producers' Goods Demand; Consumers' Goods Demand; Durable Goods Demand; Non-durable Goods Demand; Derived Demand; Autonomous Demand; Industry Demand; Company Demand; Individual Demand; Market Demand; Market Segment Demand; Short-run Demand; Long-run Demand.

### 5. Demand Forecasting

Meaning and Objectives of Demand Forecasting; Methods of Demand Forecasting; Forecasting Demand for New Product; Essentials of a Good Forecasting System; Numerical Problems on Demand Forecasting.

### 6. Theory of Consumer's Behaviour

Marginal Utility Analysis; Law of Diminishing Marginal Utility; Assumptions of Diminishing Marginal Utility; Law of Equi-Marginal Utility; Consumer's Surplus; Indifference Curve Analysis; Properties of Indifference Curve; Price Line; Change in Price Line or Shift in Price Line; Consumer's Equilibrium; Income Effect; Substitution Effect; Price Effect; Price Effect-

The sum of Income Effect and Substitution Effect; Derivation of Demand Curve Through Indifference Curve Approach.

**SECTION : III**

**7. Supply Analysis**

Meaning of Supply; Law of Supply; Supply Function; Factors Affecting Supply; Exceptional Supply Curve; Increase and Decrease in Supply; Expansion and Contraction of Supply; Elasticity of Supply; Degrees of Elasticity of Supply; Measurement of Supply Elasticity; Numerical Problems.

**8. Production Concepts and Factors of Production**

Meaning of Production; Factors of Production; Production Function; Types of Production Function; Iso-quants or Iso-Product Curve Analysis; The Principle of Diminishing Marginal Rate of Technical Substitution; Properties of Isoquant or Iso-product curves; Producers Equilibrium; The Optimum Combination of Inputs and Producer's Equilibrium; Other Forms of Isoquants; Law of Variable Proportions; Returns to Scale; Economics and Dis-economies of Large Scale Production; Relationship Between Average Product, Marginal Product and Total Product.

**9. Cost Concepts and Classifications**

Types of Costs; Cost Output Relationship in Short Run; Cost Output Relationship in the Long Run; Usefulness of Long Run Average Cost (LAC) Curve; Numerical Problems on Cost Analysis.

**10. Revenue Concepts and Relationship**

Types of Revenues; Relationship between Total Revenue, Average Revenue and Marginal Revenue; Relationship between Total Revenue, Average Revenue, Marginal Revenue and Elasticity of Demand; Numerical Problems to Costs and Revenues.

**11. Break-Even Analysis**

Meaning; Definition; Graphical Presentation of Break-even Point; Managerial Applications of Break-Even Analysis; Numerical Problems to Break-Even Point.

**12. Capital Budgeting**

Meaning of Capital Budgeting; Capital Budgeting Problems; Need And Significance of Capital Budgeting; Capital Budgeting Process; Nature and Categories of Capital Budgeting Decisions; Methods of Appraising Project Profitability; Evaluation Of Various Project Appraisal Methods; Numerical Problems On Capital Budgeting.

**SECTION : IV**

**13. Meaning and Features of Different Market Structures**

Meaning of Market and Competition; Types of Competition and their features: Perfect Competition; Imperfect Competition; (i) Monopolistic Competition; (ii) Oligopolistic Competition; Monopoly; Sources or Causes of Monopoly Power; Determination of Prices— A General View; Role of Time Element in Price Determination; Very Short Period Market; Short Period Market; Long Period Market.

#### 14. Perfect Competition

Price Determination under Perfect Competition; Equilibrium of Firm Under Perfect Completion; Shut Down Point.

#### 15. Monopoly

Price Determination Under Monopoly or Equilibrium of the Firm Under Monopoly; Discriminating Monopoly; Degrees of Price Discrimination; Price-Output Determination Under Discriminating Monopoly.

#### 16. Monopolistic Competition

Price Determination Under Imperfect Competition/Monopolistic Competition or Equilibrium of the Firm Under Imperfect Competition/Monopolistic Competition; Oligopoly—A case of Imperfect Competition; Duopoly Models; Oligopoly Models—Collusive and Non-Collusive Models; Game Theory; Numerical Problems based on Market Situations.

#### 17. Pricing Strategies

Factors Affecting Pricing Decision; Internal Factors; External Factors; Objectives of Pricing Policy; Procedure for Price Determination; Types of Pricing Strategies; Pricing Policies; Pricing in Life Cycle of a Product.

#### 18. Objectives of Business Firms

Meaning of Business Firm; Objectives of Business Firms; Meaning of Profit; Accounting Profit Vs. Economic Profit; Theories of Profit; Some Important Alternative Theories Other than Profit Maximisation.

### SECTION : V

3

#### 19. National Income Aggregates

Meaning of National Income; National Income Aggregates; Transactions not Included in Computation of National Income; Numerical Problems on National Income Aggregates.

#### 20. Measurement of National Income

Production Method or Value Added Method; Income Method; Expenditure Method; Difficulties in Measuring National Income; Economic Welfare of National Income; Relation between Economic Welfare and National Income; National Income as a Measure of Economic Welfare; Numerical Problems on Computation of National Income Through Various Methods.

#### 21. Inflation

Definition of Inflation; Causes of Inflation; Effects of Inflation; Control of Inflation; Types of Inflation; Measurement of Inflation; Inflation and Inflationary Gap; Phillips Curve; Theories of Inflation.

#### 22. Trade Cycle

Meaning of Trade Cycle; Phases of Trade Cycles; Important Theories of Trade Cycle; 1. Innovation Theory of Trade Cycle; 2. Keynes's Theory of Trade Cycle or Saving and Investment Theory; 3. Hicks Theory of Trade Cycle or Hicks Theory of Multiplier and Accelerator.

#### 23. Money and Capital Market

Meaning of Money Market; Money Market and Capital Market; Constituents of the Indian

*x ...Introduction to Managerial Economics*

Money Market; Composition of the Organized Market; Instruments of Money Market; Shortcomings of Indian Money Market; Credit Control Measures of Reserve Bank of India; Evaluation of the Monetary Policy in India; Failures and Limitations of Monetary Policy.

**24. Monetary and Fiscal Policies in Developing Countries**

Meaning of Monetary Policy; General Objectives of Monetary Policy; Objectives of Monetary Policy in a Developing Economy; Limitations of Monetary Policy in Developing Countries; Meaning of Fiscal Policy; Objectives of Fiscal Policy in a Developing Country; Limitations of Fiscal Policy in Developing Countries.

**TEST YOUR UNDERSTANDING**

3

**CASE STUDY**

4

1. An Economic Approach—Allocation of Scarce Resources
2. Elasticity of Demand and Price Reduction
3. Price-Balancing Supply and Demand
4. Make or Buy Situation
5. Firm Operating in Perfect Competitive Market
6. Threat From Low Priced Competitors
7. Board Meeting of Raman College of Research and Technology
8. Break-Even Analysis
9. Break-Even Analysis of ABC Bank Ltd.
10. Profit at Low and High Demand
11. Optimal Production Plan
12. Production Priority and Achievable Maximum Profit
13. Core Complexities
14. Cost Computation
15. Margin of Safety
16. Price Demand Elasticity—Short Run Vs. Long Run

**TABLES**

49

**INDEX**

49