

## (4) Managerial Economics

### UNIT-I

- **INTRODUCTION OF MANAGERIAL ECONOMICS** : Nature and scope of Managerial Economics, Role and responsibilities of Managerial economists, Importance of Managerial Economics.
- **The Firm** : The Economic Goal of the Firm and Optimal decision -making, Stakeholders, Objectives and Decision Issues.
- **Basic Techniques in Managerial Economics** : Opportunity Cost Principle, Marginal / Incremental Principle, Time Preference Principle, Discounting Principle and Equi-Marginal Principle.

### UNIT-II

**Demand Concepts and Analysis:** Individual Demand, Market Demand, Kinds of Demand, Determinants of Demand, Demand Functions, Demand Schedule and Law of Demand.

- ✓ **Elasticity of Demand:** Concept, Determinants and Measurement of Price Elasticity of Demand, Income and Cross, Elasticity of Demand, Relationship between Price Elasticity, AR and MR. Importance of Elasticity of Demand.
- ✓ **Demand Estimation and Demand Forecasting:** Concept and Methods of Demand Estimation – Market Experiment Method, Survey of Consumer's Intentions and Regression Analysis. Concept, Rational and Scope of Demand Forecasting, Pre-requisites of a good forecast, Method of Demand Forecasting – Expert Opinion, Opinion Polls and Market Research, Trend Projections and Composite and Diffusion Indices.

### UNIT-III

- ✓ **Production function:** Concept and Types of Production Function, Returns to factor and Returns to Scale, Law of variable Proportions. Least Cost Factor Combination for a given output, Estimation of Production Function.
- Cost Concepts and Analysis I :** Cost concepts, Short run and Long run Cost Curves, Relationships amongst various costs.
- Cost Concepts and Analysis II:** Economies of Scale and Scope. Break – Even Analysis and Plant sizing. Estimation of Cost Functions.

### UNIT-IV

- ✓ **Market Structure and barriers to entry**
- **Perfect Competition:** Characteristics, Equilibrium Price, Profit Maximizing output in Short Run and Long Run
- **Monopoly :** Characteristics, Equilibrium Price, Profit Maximizing output in Short Run and Long Run , Price Discrimination – Types, Conditions. Price Output Determination under Discriminating Monopoly.
- **Imperfect Competition :** Imperfect Completion, Demand Curve, Monopolistic Completion, Product Differentiation– Types of Product Differentiation – Oligopoly, Kinked Demand Curve, Cartel Formation, Market-sharing Cartels.

### Unit-V

- ✓ **Pricing Strategies:** Cost-plus or Markup Pricing, Markup Pricing and profit Maximization, Price Discrimination , Cyclical pricing, Multiple-Unit Pricing Strategies, Multiple-Product Pricing, Joint Product Pricing, Transfer Pricing.