

## MFC 1.3 Managerial Economics

### Objective

This course develops managerial perspective to economic fundamentals as aids to decision making under given environmental constraints.

### Course Inputs

1. **Nature and Scope of Managerial Economics:** Objective of a firm; Economic theory and managerial theory; Managerial economist's economic concepts – incremental principle, opportunity cost principle, discounting principle, equi-marginal principle.
2. **Demand Analysis:** Individual and market demand functions; Law of demand, determinants of demand; Elasticity of demand –its meaning and importance; Price elasticity, income elasticity and cross elasticity; Using elasticity in managerial decisions.
3. **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; Demand forecasting techniques.
4. **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 function - their nature, shape and inter-relationship; Law of variable proportions; Law of returns to scale.
5. **Price Determination under Different Market Conditions:** Characteristics of different market structures; Price determination-run and long-run and under perfect competition, monopolistic competition, oligopoly and monopoly.
6. **Business Cycles:** Methods of price determination in practice; Pricing of multiple products; Price discrimination; International price discrimination and dumping; Transfer pricing.

### Suggested Readings

- Adhikary M.: Business Economics, Excel Books, New Delhi.
- Baumol, William J: Economic Theory and Operations Analysis, Prentice Hall, London.
- Baya, Michael R: Managerial Economics and Business Strategy, McGraw Hill Inc. New York.
- Chopra, O.P: Managerial Economics, Tata McGraw Hill, Delhi.
- Dean, Joel: Managerial Economics, Prentice Hall, Delhi
- Dholakia, R.H. and A.L. Oza: Micro Economics for Management Students, Oxford University, Press, New Delhi.
- Dwivedi D.N.: Managerial Economics, Vikas Publishing House, New Delhi.
- Eaton, B. Curtis and Diane Faton: Micro Economics, Prentice Hall, New Jersey.
- Gough, J. and S. Hills: Fundamentals of Managerial Economics, Macmillan London.
- Haynes W.W., V.L. Mote and S. Paul: Managerial Economics Analysis and Cases, Prentice Hall India, Delhi.
- Petersen, H. Craig and W. Cris Lewis: Managerial Economics, Prentice Hall, Delhi.
- Salvatore, Dominick: Managerial Economics in a Global Economy, McGraw Hill, New York.
- Varian H.R.: International Microeconomics: A Modern Approach, East

West Press, New Delhi.

Varshney R.L. and Maheshwari K.L.: Managerial Economics; Sultan Chand and Sons, New Delhi.