

MANAGERIAL ECONOMICS

Max. Marks: 100
Time: 3 Hours

Paper IV MC-1.4

Note: There will be three sections of the question paper. In section A there will be 10 short answer questions of 2 marks each. All questions of this section are compulsory. Section B will comprise of 10 questions of 5 marks each out of which candidate are required to attempt any seven questions. Sections C will having 5 questions of 15 marks each out of which candidates are required to attempt any three questions. The examiner will set the questions in all the sections by covering the entire syllabus of the concerned subject.

COURSE INPUTS

Unit 1: Nature and Scope of Managerial Economics: Objectives of a firm; Economic theory and managerial theory; Managerial economists role and responsibilities; Fundamental economic concepts- incremental principle, opportunity cost principle, discounting principle, equi-marginal principle.

Unit 2: Demand Analysis: Individual and market demand functions, Law of demand, determinants of demand, Elasticity of demand: its meaning and importance, elasticity, income elasticity and cross elasticity; Using elasticity in managerial decision. 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.

Unit 3: Production Theory: Production function, production with one and two variable inputs, Stages of production, Economic value analysis short and long run cost functions their nature, shape and inter-relationship, Law of variable proportions; Law of returns of scale.

Unit 4: Price Determination Under Different Market Conditions: Characteristics of different market structures, Price determination and firms equilibrium in short run and long run under perfect competition, monopolistic competition, oligopoly and monopoly.

Pricing Practices: Methods of price determination in practice, pricing of multiple products, price discrimination; International price discrimination and dumping, transfers pricing

Unit 5: Business Cycle: Nature and phases of a business cycle, Theories of business cycles, psychological profit, monetary innovation, Cobweb, Samuelson and Hicks theories

Inflation: Definition, characteristics and types; Inflation in terms of demand-pull and cost push factors, effects of inflation.