MANAGERIAL ECONOMICS-I
(100 Marks – 75 Lectures)

Objectives of the Course: The objective of this course is to enable students to understand integration of economic theory with business practice. This course aims at familiarizing students with economic tools and techniques and their application in business decision making.

Unit 1: Introduction
(10 marks; 15 lectures)
Business Economics (Managerial Economics) – meaning, nature, characteristics, significance and scope of Managerial Economics; relationship of Managerial Economics with other disciplines; role and responsibility of a managerial economist


Understanding a Firm – Meaning and objectives of a firm

Unit 2: Demand & Supply Analysis
(30 marks; 20 lectures)
Demand Analysis: Meaning of demand; Determinants of demand; Demand function-individual and market; Law of Demand; Understanding the demand curve; Change in demand vs. variation in demand; Demand distinctions; Elasticity of Demand – Price & Income elasticity (concept, types, measurement and determinants), Cross elasticity of demand (concept, types and measurement), Advertising elasticity of demand (concept, measurement and determinants); Significance or application of the concept of elasticity of demand (Numerical Problems to be included); Demand estimation and forecasting (Objectives, steps involved, determinants and methods)

Supply analysis: Meaning of supply, Determinants of supply, Supply function, Law of supply, change in supply vs. variation in supply

Market equilibrium; excess supply, excess demand and the price adjustment mechanism; changes in market equilibrium due to changes in demand and/or supply

Unit 3: Production Analysis
(30 marks; 20 lectures)
Meaning of production; types of inputs, factors of production, technology; concept of production function; Short run analysis - law of variable proportions; Long Run analysis – Law of Returns to scale

Unit 4: Cost Analysis
(30 marks; 20 lectures)
Cost concepts and classification; cost – output function; determinants of cost function – short run and long run cost functions and cost curves; costs of a multi product firm; costs of joint product; economies and diseconomies of scale; economies of scope (numerical problems to be included)
Ahuja. H. L. ‘Advanced Economic Theory (microeconomic Analysis)’ S. Chand Limited, New Delhi


Indira Gandhi National Open University: School of Management: Managerial Economics- MS/9


