

(Applicable to the batch of students admitted in the academic year 2016-17 and onwards)

M.Com. (CBCS)

FACULTY OF COMMERCE, OU

SEMESTER-I

MANAGERIAL ECONOMICS

PAPER CODE: COM 1: Core-I
THPW: 5; Credits: 4

Total Marks: 80+15+05=100
ESED: 3 HRS

OBJECTIVE: *to impart conceptual and practical knowledge of managerial economics.*

Unit-I: NATURE AND SCOPE OF MANAGERIAL ECONOMICS:

Meaning of Managerial Economics - Managerial Economics and Economic Theory - Managerial Economics and Decision Sciences - Nature of managerial decision making - Types of business decisions - Managerial decision making process - Firm-meaning-Objectives - Nature of profits (economic vs. accounting profit) Optimization-functions-slope of functions-optimization techniques- Concept of derivative - Simple rules of derivation - Application of derivatives to optimization problems—Role of marginal analysis in decision making - Total, average and marginal relationship (including problems).

Unit-II: DEMAND ANALYSIS:

Demand Theory and Analysis – Individual demand and Market demand – Factors determining demand – Elasticity of demand – Price Elasticity - Income Elasticity – Cross Elasticity – Elasticity and Decision – making (including problems). Demand estimation and demand forecasting: Meaning, significance and methods (Theory only).

Unit-III: PRODUCTION ANALYSIS:

Meaning of Production function – Cobb Douglas Production Function – Production with one variable input – Law of Diminishing marginal returns – Optimal employment to a factor of production. Production with two variable inputs – Production iso-quant – Production iso-cost – Optimal employment of two inputs – Expansion path – Returns to scale and economies of scope (including problems).

Unit IV: COST ANALYSIS:

Concepts of cost – Short run cost functions finding minimum average variable cost through equations – Long run cost function – Linear and non - linear break - even analysis. Profit contribution analysis (including problems).

Unit V: MARKET STRUCTURE:

Perfect and Imperfect market condition – Perfect competition – Characteristics – Equilibrium price – Profit maximization, (in short run and long run) – Shut down decision – Monopoly: characteristics,– Profit Maximization in short run and long run, Allocative inefficiency, Income Transfer and Rent seeking. Monopolistic competition: Characteristics – Profit Maximization – Price and output determination in the short run and long run, Oligopoly: Characteristics – Price Rigidity – Kinked demand model (including problems).

SUGGESTED READINGS:

1. Petersen and Lewis : Managerial Economics, 4/e, Pearson/PHI, 2002.
2. Managerial Economics, Ahuja. H.L, S. Chand, New Delhi.
3. M.L. Trivedi: Managerial Economics, Tata Mc-Graw Hill, New Delhi 2004.