

**GUJARAT UNIVERSITY**  
**SYLLABUS FOR S.Y BBA**  
**SEMESTER III**  
**CORE COURSE –204 MANAGERIAL ECONOMICS – I**

**Objective:**

To Familiarize the students with concepts and analytical tools in Managerial Economics applied in a variety of day-to-day business situations.

**Total Hours : 40**

**Number of credits: 3**

**Lectures per week: 3 of one hour each**

Unit	Weightage
Unit-I	25%
Unit-II	25%
Unit-III	25%
Unit-IV	25%
Total	100%

**Unit 1: (10hours)**

**CHAPTER 1: INTRODUCTION (3)**

- ™ Definition of Managerial Economics.
- ™ The nature and scope of Managerial Economics
- ™ Relationship of Managerial Economics with other disciplines.  
(Mathematics, economics, statistics)

**CHAPTER 2: DEMAND DISTINCTION (2)**

- ™ Producers' Demand and Consumers' Demand
- ™ Demand for Durable goods and Non durable goods.
- ™ Firms' Demand and Industries' Demand.
- ™ Short run Demand and Long run Demand.
- ™ Derived Demand and Autonomous Demand.
- ™ Sectoral Demand and Market Demand.

### **CHAPTER 3: DEMAND FORECASTING (5)**

™ Definition and Importance of demand forecasting.

™ Methods of Demand Forecasting

#### **Unit 2: (10 hours)**

### **CHAPTER 4: THE THEORY OF CONSUMER BEHAVIOUR. (10)**

™ Definition of Indifference Curve.

™ Marginal Rate Of Substitution.

™ Law of diminishing marginal rate of substitution.

™ Characteristics of Indifference curve.

™ Budget Constraint/ Price-line /Income- expenditure line.

™ Consumer's equilibrium with ordinal approach.

™ Income Effect

™ Substitution Effect (slutsky equation)

™ Price Effect (only for normal goods)

™ Price Consumption Curve.(Different shapes of PCC, Derivation of demand curve with the help of PCC)

™ Consumer's surplus with ordinal approach.

#### **Unit 3: (10hours)**

### **CHAPTER 5: ELASTICITY OF DEMAND (10)**

™ Concept of Income Elasticity, degrees of income elasticity and factors affecting Income Elasticity.

™ Concept of Price Elasticity, degrees of price elasticity, factors affecting price elasticity and its application

™

Methods of measuring price elasticity.

1. Percentage Method.

2. Total Outlay Method.

3. Point Elasticity Method.

™ Concept of Cross Elasticity, degrees of cross elasticity and factors affecting cross elasticity.

™ Relationship between Revenue and Elasticity.

™ Numerical and its Application.

#### **Unit 4: (10 hours)**

## **CHAPTER 6: THEORY OF PRODUCTION FUNCTION (5)**

- <sup>TM</sup> Concept of Production function.
- <sup>TM</sup> Total, Average and Marginal Productivity.
- <sup>TM</sup> Isoquants and Iso-cost line.  
(Concept, Characteristics, MRTS)
- <sup>TM</sup> Returns to Scale.
- <sup>TM</sup> Law of variable Proportion.

## **CHAPTER 7: COST OF PRODUCTION AND COST CURVES (5) (THEORY OF COSTS)**

- <sup>TM</sup> Concept of Cost
  - a. Accounting Cost Vs. Economic Cost.
  - b. Money Cost Vs. Real Cost.
  - c. Private and Social costs.
  - d. Fixed Cost Vs. Variable Cost.
  - e. Opportunity Cost.
  - f. Sunk Cost.
- <sup>TM</sup> Cost of Production in the Short Run
  - a. Fixed cost, Variable cost, and Total cost.
  - b. Average Fixed cost, Average Variable cost, and Marginal cost
  - c. Relationship between Marginal Cost and Average cost.
- <sup>TM</sup> Cost of Production in the Long run.
  - a. Long run marginal cost (LMC) and Long run Average cost (LAC)
  - b. Relation between LMC and LAC

**Text Books : Managerial Economics By D.M.Mithani**

### **Books for Reference:**

- (1) Managerial Economics By P. L. Mehta.
- (2) Micro Economic Theory By H.L. Ahuja.

### **Topics for Assignment:**

1. Types of Demand
2. Law of Variable Proportion
3. Short run cost concepts
4. Features of Indifference curve

### **Topics for Seminar:**

- (1) Application of Price Elasticity
- (2) Applicability of concept of Consumer's Surplus
- (3) Relationship between Managerial Economics and other Discipline