

Course Name	: Managerial Economics
Course Code	: ECO410
Credit Hours	: 03
Course Week	: 16-18
Total Hours	: 48-54
Semester	: 3rd

Week 1 & 2

Nature, Scope and Overview of Managerial Economics.

The Nature and Scope of Managerial Economics. The Managerial decision making process. Theory of the firm. Profit maximization, Cost Minimization. Economic optimization. Economic relations of variables. The Incremental concept in Economic Analysis. Demand, Supply and Equilibrium.

Week 3 & 4

Demand Analysis: Estimation and Forecasting

The Basis for Demand. The Market Demand function. Demand sensitivity analysis: Elasticity, Price Elasticity of Demand with Managerial applications. Income Elasticity of Demand with Managerial applications. Application of Regression Analysis: Demand estimation. Demand forecasting.

Week 5 & 6

Production and Cost Analysis

Production functions. Total, Marginal and Average Product. Revenue and Cost in Production. Production function estimation. Productivity Measurement. Homogenous and Homothetic Production Function. Short run and long run cost curves. Learning curves and application. Cost-value-profit analysis. Cost estimation.

Week 7 & 8

Decision Making Under Risk and Uncertainty

Introduction. Risk Analysis of Decision Alternatives. Adjustment for Risk in Decision Making. The Expected Value Criterion. The Standard Deviation Criterion. The Coefficient of Variation Criterion. The Certainty Equivalent Criterion. The Maximax Criterion, Maximin Criterion and Minimax regret criterion. The Decision Tree and Joint Probabilities. Optimal decision Strategy. Limit Pricing and preventing entry.

Week 9 & 10

Pricing Analysis and Decisions

A Review of Market Structures and Basic Pricing Models. Perfect Competition. Monopoly. Monopolistic Competition. Oligopoly. Selected Pricing Models. Marginalist Pricing. Mark up pricing. New Product Pricing. Oligopoly Model. Contestable Markets. Pricing Strategies for Firms and Market Power. Monopolistic Competition. Price Discrimination, Monoposony and Price Product.

Week 11 & 12

Managerial Theories and Models of the Firm

Baumol's Theory of Sales Revenue Maximization. Marris's Model of Managerial Enterprise. Williamson's Model of Managerial Discretion Topics, Behavioral Model by Cyert and March.

Week 13 & 14

Public Sector Production and Pricing of Goods

Public and Private Goods and their pricing mechanism. Decreasing cost Industry and pricing. Externalities and Market Pricing issues. Rent seeking and control. Government Policy and International Trade, tariff and pricing. Import Competitiveness and tax, International pricing Techniques /Strategies.

Week 15 & 16

Capital Budgeting and Investment

Pre-requisites of Capital Budgeting. Investment Criteria and Decisions. Cash flow estimation, Internal Rate of Return, Profitability-Index Criterion and other criterion. Optimal Capital Budget.

Text Book

Douglas, E. J., Managerial Economics, Prentice Hall, (1990).

Reference Book

- Hirschey, M. Managerial Economics, (10 edition) U.S.A. Thomson South-Western, (2003).
- Hirschey, M. and J.L. Pappas; Fundamentals of Managerial Economics, Dryden Press, (1998).