

MAECO- 301

**SEMESTER-III
ECONOMICS
PUBLIC ECONOMICS**

**Lecture: 4 hrs/week
Exam duration: 3 hours**

**End semester: 60
Mid Semester:20
Quiz: 20
Total Marks: 100**

Unit I: Introduction to Public Economics:

Public Finance and Public Economics- Subject matter of Public Economics and Role of Government in the development context; Changing Development Perspective-Special Role of Government in developing economics- Market Failure- causes and measures-missing markets - Pareto criteria and optimality conditions - Fundamental Theorem of Welfare Economics - Theory of second best.

Unit II: Public Choice and Rationale for Public Policy:

Private and public mechanism for allocating resources in democratic countries; Problems of efficient allocation of resources; Problems of preference revelation and aggregation of preferences; Arrow impossibility theorem; Rent seeking and directly unproductive profit seeking (DUP) activities.

Public Goods and its provisions-problems and emerging issues in financing the public Goods-Voluntary exchange models; Impossibility of decentralized provision of public goods-contributions of Samuelson, Clarks, Groves and Ledyard, classical theory of club goods-Tiebout model.

Unit III: Fiscal Policy and Taxation:

Objectives of fiscal policy- Interdependence of fiscal and monetary policies; Budgetary deficits and its implications - FRBM Act and its impact.

Tax incidence-economic and statutory tax incidences-rules for tax incidences; Allocative and equity aspects of individual taxes; Benefit and ability to pay approaches; Theory of optimal taxation; Ramsey Rule on Commodity Taxation-Benefits and tax savings -Trade-off between tax equity and efficiency; Theory of measurement of dead weight losses.

Indian tax system; Major taxes in India; taxation of agriculture, expenditure tax, reforms in direct and indirect taxes, taxes on services; GST in India- Non-tax revenue of Centre, State and local bodies; problem of tax autonomy and decentralization- Lack of flexibility in Central and State budgets- Need for budgetary reforms at the state level.

Unit IV : Public Expenditure and Public Debt:

Wagner's law of increasing state activities; Wiseman-Peacock hypothesis; Samuelson's Pure theory of public expenditure; Structure and growth of public expenditure in India; Criteria for public investment; Social cost-benefit analysis-Project evaluation, Estimation of costs, discount rate; Reforms in expenditure budgeting; Fiscal crisis and fiscal sector reforms in India Public debt Theories-Trends in growth public debt in India- Impact of public debt on India's growth; Management of Public debt management policies, recent emerging issues in generating revenue to control rising public debt burden in India.

Unit V : Fiscal Federalism:

Fiscal federalism in India; Vertical and horizontal imbalance; Assignment of function and sources of revenue; Constitutional provisions; Finance Commission, Reports of Finance Commissions in India.

NITI Commission - Changing Perspectives on executing planned programme and Make in India Strategy; Devolution of resources and grants; Theory of grants; Resource transfer from Union to States-Criteria for transfer of resources-Centre-State financial relations in India-Problems of states' resources and indebtedness; Transfer of resources from Union and States to local bodies. Emerging policies- changing perspectives on cooperative federalism in India. Changing role of NITI Ayog and the Finance Commission.

References;

- Atkinson, A.B. and J.E.Siglitz (1980), Lectures on Public Economics, Tata McGraw Hill, New York.
- Auerbach, A.J. and M.Feldstern (eds) (1985), Handbook of Public Economics, Vol.1. North Holland, Amsterdam.
- Buchanan, J.M. (1970), The Public Finance, Richard D.Irwin, Homewood.
- Goode, R. (1986), Government Finance in Developing Countries, Tata McGraw Hill, New Delhi.
- Houghton, J.M. (1970), The Public Finance: Selected Readings, Penguin, Harmondsworth.
- Jha, R. (1998,) Modern Public Economics, Routledge, London.
- Menutt, P. (1996), The Economics of Public Choice, Edward Elgar, U.K.
- Musgrave, R.A. (1959), The Theory of Public Finance McGraw Hill, Kogakhusa, Tokyo.
- Musgrave, R.A. and P.B.Musgrave (1976), Public Finance in Theory and Practice, McGraw Hill, Kogakusha, Tokyo.
- Shoup, C.S. (1970), Public Finance, Aldine, Chicago.

MAECO- 302

**SEMESTER-III
ECONOMICS
ECONOMETRICS I**

Lecture: 4 hrs/week
Exam duration: 3 hours

End semester: 60
Mid Semester: 20
Quiz: 20
Total Marks: 100

Unit I: Basic Econometrics:

Nature, Meaning and Scope of Econometrics-Mathematical Economics-Statistics and Econometrics-Methodology of Econometric Research.

Unit II : Brief Review of Statistical Concepts:

Concepts and methods of Estimation - Concept of Sampling-Random and Non Random sampling - Stratified and cluster sampling - probability proportional to size - Multi stage random sampling and their applications.

Unit III:

Sampling from normal distribution - Desirable properties of an estimator - Point and Interval Estimation - Confidence limits - Hypothesis testing - Type I and Type II errors.

Unit IV : Problems in Regression Analysis:

Testing based on Z, t and X^2 (Chi-Square) tests. Simple and linear regression model - Nature of disturbance term -

Unit V:

Functional forms – Assumptions - Estimation through O.L.S. approach. Concept and derivation of R^2 - Concept and Analysis of Variance.

References:

Amemiya, T. (1985), Advanced Econometrics, Harvard university Press, Cambridge, Mass.

Baltagi, B.H. (1998), Econometrics, Springer, New York

Dongherty, C. (1992), Introduction to Econometrics, Oxford University Press, New york.

Goldberger, A.S. (1998), Introductory Econometrics, Harvard University Press, Cambridge, Mass.

Gujarati, D.N. (1995), Basic Econometrics (2nd edition), McGraw Hill, New Delhi.

Hill R.C., E.G. William and G.G. Judge (1997), Undergraduate Econometrics, Wiley, New York.

Kennedy, P. (1998), A Guide to Econometrics (4th Edition), MIT Press, New York.

Kmenta, J. (1997), Elements of Econometrics (Reprint Edition), University of Michigan Press, New York.

Koutsoyiannis, A. (1977), Theory of Econometrics (2nd ed), The Macmillan Press Ltd., London.

Krishna, K.I.L. (ed) (1997), Econometric Applications in India, Oxford University Press, New Delhi.

Maddala, G.S. (ed) (1993), Econometrics Methods and Application (2vols), Aldershot U.K.

Theil, H. (1981), Introduction to Econometrics, Prentice hall of India, New Delhi.

MAECO- 303

**SEMESTER-III
ECONOMICS
DEVELOPMENT ISSUES OF INDIAN ECONOMY**

Lecture: 4 hrs/week
Exam duration: 3 hours

End semester: 60
Mid Semester:20
Quiz: 20
Total Marks: 100

Unit I: Sector wise analysis – Agriculture:

Trends in production, productivity and cropping pattern – Public investment in Indian Agriculture-Irrigation status-supply chain management problem- food inflation and food security issues- land bifurcation- debate on GM crops- WTO and Indian agriculture-Sustainable farming- New Agricultural policy-objectives and strategies-ever green revolution-availability of credit for agriculture.

Unit II: Industry and Infrastructure:

Impact of reforms on production and productivity- Inter-state disparities- FDI and industrial performance- Status of SEZs- Industrial growth and environment- Status of industrial labour - Infrastructure and economic development-Infrastructure strategy of Twelfth FYP-Global energy crisis- Role of IT sector- Review of transport and communication services-Public investment in Infrastructure.

Unit III: India and Global Economy:

India's role in global economy- Share in global trade and capital flows - BoP position – dependence on capital inflows- FDI and FPI- Impact of global economic crisis-WTO and Indian economy- Regional and other trade blocks- SAARC, BRICS, RICS, IBSA and G20 - India as an emerging global economic power.

Unit IV: Economy:

Land use and cropping pattern- food crisis- entrepreneurship and industrial development government initiatives-dynamics of labour market- Immigration- Fiscal management.

Unit V:

FRBM Act and its impact on state's public economy-State level fiscal reforms and road map for future-Status of decentralization- Tourism industry- E-governance initiatives-WTO and Karnataka- Trends in export and foreign remittances.

References:

A. P. Thirlwall, Growth and Development, 6th Edition Macmillan Press Ltd., 1999.

Jean Dreze, Amartya Sen, An Uncertain Glory : India and its Contradictions, Penguin Publishers, 2013.

Bhagavathi, Jagadish and Arvind Pangaria, Why Growth Matters: How Economic Growth in India Reduced Poverty and the Lessons for Other Developing Countries, 2013.

Vijay Joshi & IMD Little, India's Economic Reforms; OUP, New Delhi, 1991-2001. Nayyar

Deepak, Liberalization And Development: Collected Essays, OUP, 2008. Uma Kapila, Two Decades of Economic Reforms in India: Towards Faster, Sustainable and More Inclusive Growth, 3rd edition, Academic Foundation, New Delhi, 2013. RuddarDutt & KPM

Sundaram, Indian Economy, S. Chand & Co. Ltd., New Delhi, 2013. Basu, Kaushik, ed, India's Emerging Economy, OUP, 2007.

Parayil, Govindan (ed), 2000, Kerala: The Development Experience: Reflections On Sustainability And Replicability, Zed Books.

Frank, Richard & T.M. Thomas Issac 2000, Local Democracy and Development: People's Plan for Decentralized Planning in Kerala.

M.A. Oommen, Essays on Kerala Economy, Oxford and IBH, 1993.

Lecture: 4 hrs/week
Exam duration: 3 hours

End semester: 60
Mid Semester: 20
Quiz: 20
Total Marks: 100

Unit I: Welfare Economics and Environment:

Pareto optimality and competitive equilibrium; Fundamental theorems of welfare economics-Externalities and market inefficiency-externalities as missing markets; property rights and externalities, non-convexities and externalities; Pareto optimal provision of public goods-Lindahl's equilibrium, preference revelation problem and impure and mixed public goods, common property resources.

Unit II: Measurement of Environmental Values:

Use values; Option values and non-use values-Valuation methods-Methods based on observed market behaviour; Hedonic property values and household production models (travel cost method and household health production function), Methods based on response to hypothetical markets, contingent valuation methods.

Unit III: The Theory of Environmental Policy:

Environmental externalities-Pigouvian taxes and subsidies, marketable pollution permits and mixed instruments (the charges and standards approach), Coase's bargaining solution and collective action; Informal regulation and the new model of pollution control, Monitoring and enforcement of environmental regulation, Environmental Institutions and grass root movements; Global environmental externalities and climatic change-Tradable pollution permits and international carbon tax, Trade and environment in WTO regime.

Unit IV: Economics of Natural Resource Management and Sustainable Development :

Theories of optimal use of exhaustible and renewable resources; Environmental and development trade off and the concept of sustainable development; Integrated environmental and economic accounting and the measurement of environmentally corrected GDP; Macroeconomic policies and environment.

Unit V: Environmental and Natural Resource Problems in India:

Mechanism for environment regulation in India; Environmental laws and their implementation; Policy instruments for controlling water and air pollution and forestry policy; People's participation in the management of common and forest lands; The institutions of joint

forest management and the joint protected area management; Social forestry-rationale and benefits.

References:

Baumol, W.J. and W.E. Oates (1988), The Theory of Environmental Policy, (2nd Edition), Cambridge University Press, Cambridge.

Berman, P. (ED), (1995), Health Sector Reform in Developing Countries: Making Health Development Sustainable, Boston: Harvard Series on Population and International Health.

Blaug, M. (1972), Introduction to Economics of Education, Penguin, London.

Bromely, D.W. (ED), (1995), Handbook of Environmental Economics, Blackwell, London.

Cohn, E. and T. Gaske (1989), Economics of Education, Pergamon Press, London.

Fisher, A.C. (1981), Resource and Environmental Economics, Cambridge University Press, Cambridge.

Hanley, N. J.F. Shogren and B. White (1997), Environmental Economics in Theory and Practice, Macmillan.

Hussen, A.M. (1999), Principles of Environmental Economics, Routledge London.

Jeroen, C.J.M. van den Bergh (1999), Handbook of Environmental and Resource Economics, Edward Elgar Publishing Ltd., U.K.

Lecture: 4 hrs/week
Exam duration: 3 hours

End semester: 60
Mid Semester:20
Quiz: 20
Total Marks: 100

Unit - 1: Nature and Scope of Economics of Health

Health Economics: Meaning and Subject matter, Evolution and Importance – Ethics in Healthcare - Health and Sanitation – Indian Health Scenario

Unit - 2: Microeconomic foundations of Health Economics

Demand for Health-Uncertainty and Health Insurance Market - Alternative Insurance Mechanisms – Supply of Health: health and health care; cost of delivering health services;Market Failure and rationale for Public Intervention; Equity and Inequality - Investment and institutions in health-care; market structures; Hospital and health service provider behavior: motivation, regulation and incentives.

Unit - 3: Health Services and Programmes

Health Systems in the World - PPP Model, Care Delivery – Good Governance in Health Services, AIDS Awareness - Tax and social health insurance mechanism; Private financing mechanism - health and allied services; health sector reforms and strategies- Swaccha Bharath Abhiyan

Unit - 4: Health and Human Development

Health and Human Capital -Demography and Health – Fertility and Reproductive Health Issues - Health and Labour – Women and Child Health – Health of the Elderly –Health, Poverty and Food Security

Unit – 5: Health Approaches in India

Principles and practices of health care in India; Equity and health; Risks and returns in health care: Public sector versus private sector; Health financing and insurance: Universal health coverage; Out-of-pocket expenditure on health; Morbidity patterns; Health policy and outcomes. National Rural Health Mission-Health outcomes and their relationship with macroeconomic performance – Equipping institutions for Healthier Tomorrow

References:

1. Ghuield S. and Smith P.C.(Eds) (2011), The oxford Handbook of Health economics, New York (Module 1A, 3, 4)
2. Henderson J.W.(2001), Health economics and policy, South Western, Thomson Learning
3. Mcpake B. and Normand C, (2013), Health Economics: An international perspective, Routledge, New York.
4. National Health Accounts India (2004-05), http://www.whoindia.org/linkFiles/Health_Finance_National_Health_accounts_2004-05.pdf
5. Krishnamurthy, G R et.al. (2008). Indian Health Scenario, Serials Publications New Delhi

MAECO- 401

**SEMESTER-IV
ECONOMICS
INDIAN GLOBAL ECONOMY**

Lecture: 4 hrs/week
Exam duration: 3 hours

End semester: 60
Mid Semester: 20
Quiz: 20
Total Marks: 100

Unit I: Introduction to Globalisation:

Concept and definition - Evolution - objectives - why globalisation? - process, dimensions and features - How to measure the extend of globalization? - Advantages and disadvantages - gainers and losers of globalization.

Unit II: India and Global Economy:

India's role in global economy - Share in global trade and capital flows - BoP position - dependence on capital inflows - FDI and FPI - Impact of global economic crisis - WTO and Indian economy - Regional and other trade blocks - SAARC, BRICS, RICS, IBSA and G20 - India as an emerging global economic power.

Unit III: Trade Policy in India:

Trade problems and policy changes in India-trade reforms since 1991-implications on BOP, exchange rate and factor movements-East Asian Crisis and India-International reserves and foreign debt problem in India-working of MNCs and their regulation-EXIM policy-WTO and competitiveness in Indian trade –agenda for future trade policy.

Unit IV: International Factor Movements:

International capital and labour movements - Foreign Direct Investment (FDI), Its composition, direction and trends - Factor Determining FDI

Unit V:

MNCs and their operation-international trade in services and knowledge-based industries - GATS, TRIPs, TRIMs - trade problems of developing countries.

References:

Yusuf Shahid, Simon Everert and Weiping W.U. (ed) 2001, Facets of Globalisation: International and Local Dimensions of Development, The World Bank, Washington DC. Stiglitz Joseph E. (2002), Globalisation and Its Discontents, W.W. Norton and Company, New York. Goldin Ian and Kenneth Reinert (2006), Globalisation for Development World Bank and Palgrave Macmillan, Washington DC.

Petras James and Henry Vitmeyer (2001), Globalisation Unmasked Madhyam Books, Delhi.

Bhagawathi Jagadish (2004), In Defence of Globalisation, Oxford University Press, New Delhi.

Singh Karlijit (1998), Globalisation of Finance Madhyam Books, New Delhi.

Razin and Sadka - The Economics of Globalization - Policy Perspective from Public Economics, 2010.

Backer, Epstein and Pollin - Globalization and Progressive Economic Policy, 2009.

MAECO- 402

**SEMESTER-IV
ECONOMICS
INTERNATIONAL ECONOMICS**

Lecture: 4 hrs/week
Exam duration: 3 hours

End semester: 60
Mid Semester: 20
Quiz: 20
Total Marks: 100

Unit I : International Trade Theories:

Basis of international trade-theories of absolute advantage, comparative advantage and opportunity costs-critique. Heckscher-Ohlin theory of international trade-factor price equalization theory-Leontief's paradox-empirical evidence of H-O theory-limitations.

Modern theories of international trade. Simultaneous equilibrium achievements models of Mundell and Swan-limitations Optimum currency area theories of Mundell, Mckinnon, Magnifico -Britton Wood Achievements and limitations of WTO.

Unit II: Measurement of Trade Gains:

Factor supply increase-impact of trade-Rybczynski theorem-immiserizing growth and secular deterioration hypothesis-trade as engine of economic growth.

Unit III: Commercial Policy:

Free, Restricted Policy - Arguments for tariff-partial and general equilibrium analysis-import tariffs versus import quotas-tariffs and terms of trade-nominal, effective and optimal tariff rates-effective rate of protection.

Stolper-Samuelson theorem-economic effects of tariffs-subsidies-non-tariff barriers-current policy.Partial and general equilibrium analysis of customs union-free trade areas-approaches of Viner, Lipsey and Vanek-regional trade blocs-EU, NAFTA, SAARC/SAFTA, UNCTAD, WTO-trade liberalization and growth.

Unit IV: International Factor Movements:

International capital and labour movements-MNCs and their operation-international trade in services and knowledge-based industries-GATS, TRIPs, TRIMs-trade problems of developing countries.

Unit V : Balance of Payments:

Balance of payments accounting-balance of payments and balance of trade-BOP settlement and adjustment methods.

Exchange rates a-spot, forward rates-hedging, speculation, arbitrage-BOP and foreign exchange rate relationship- exchange rate overshooting-Approaches to BOP adjustment-monetary approach-elasticity approach-Marshall-Lerner-Robinson conditions-absorption approach of Alexander

References:

Bhagavathi, J.(ed) (1981),International Trade,Selected Readings,Cambridge,University Press, Massachusetts.

Carbough,R.J. (1999),International Trade:Study,Guide and Work Book,(5th ed),Routledge Publishers, London.

Chacholiades, M. (1990), International Trade: Theory and Policy, McGraw Hill, Kogakusha, Japan.

Dana, M.S. (2000), International Economics: Study, Guide and Work Book, (5th Edition), Routledge Publishers, London.

Dunn, R.M. and J.H.Mutti (2000), International Economics, Routledge, London.

Kenen, P.B. (1994), The International Economy, Cambridge University Press, London.

Kindleberger, C.P. (1973), International Economics, R.D. Irwin, Homewood.

King, P.G. (1995), International Economics and Internataional Economic Policy: A Reader McGraw Hill International, Singapore.

Krugman, P.R. and M.Obstfeld (1994), International Economics: Theory and Policy, Glenview, Foresman.

Salvatore, D. (1997), International Economics, Prentice Hall, Upper Saddle River, N.J. New York.

Soderston, B.O. (1991), International Economics, The MacMillan Press Ltd., London. Bhagavathi, J.(ed) (1981), International Trade,Selected Readings,Cambridge,University Press, Massachusetts.

MAECO- 403

**SEMESTER-IV
ECONOMICS
ECONOMETRICS II**

**Lecture: 4 hrs/week
Exam duration: 3 hours**

**End semester: 60
Mid Semester:20
Quiz: 20
Total Marks: 100**

Unit I : Multiple Regression Model:

**Multiple Regression analysis and related problems – specification and estimation - O.L.S method
– Multicolliniarity – Autocorrelation - Hetroscedasticity.**

Unit II : Regression with Qualitative independent variables:

**Dummy variables -Dummy exogenous variables regression with dummy dependent variables -
logic and predict model - errors in variables.**

Moduel III : Simultaneous Equations Model:

**Introduction and examples - the simultaneous equation bias and inconsistency of OLS estimators
– Problems of identification - rules of identification - order and rank conditions - methods of
estimating simultaneous equation system - indirect least squares method - Two stage least squares
method and ML methods - applications.**

References:

- Amemiya, T. (1985), Advanced Econometrics, Harvard university Press, Cambridge, Mass.**
Baltagi, B.H. (1998), Econometrics, Springer, New York
Dongherty, C. (1992), Introduction to Econometrics, Oxford University Press, New york.
**Goldberger, A.S. (1998), Introductory Econometrics, Harvard University Press, Cambridge,
Mass.**
Gujarati, D.N. (1995), Basic Econometrics (2nd edition), McGraw Hill, New Delhi.
Hill R.C., E.G. William and G.G. Judge (1997), Undergraduate Econometrics, Wiley, New York.
Kennedy. P. (1998), A Guide to Econometrics (4th Edition), MIT Press, New York.
**Kmenta, J. (1997), Elements of Econometrics (Reprint Edition), University of Michigan Press,
New York.**
Koutsoyiannis, A. (1977), Theory of Econometrics (2nd ed), The Macmillan Press Ltd., London.
**Krishna, K.I.L. (ed) (1997), Econometric A;pplications in India, Oxford University Press, New
Delhi.**
Maddala, G.S.(ed) (1993), Econometrics Methods and Application (2vols), Aldershot U.K.
Theil, H. (1981), Introduction to Econometrics, Prentice hall of India, New Delhi.

MAECO- 404

**SEMESTER-IV
ECONOMICS
FINANCIAL ECONOMICS**

Lecture: 4 hrs/week
Exam duration: 3 hours

End semester: 60
Mid Semester: 20
Quiz: 20
Total Marks: 100

Unit I: Introduction to Financial Economics:

Financial System – Importance and Functions, Markets, Equilibrium in Financial Markets, Financial Intermediaries, New Developments, Micro Finance, -financial inclusion and inclusive growth - Financial Sector Reforms in India

Unit II: Money and Financial Markets:

Time value of money – Time Lines and Notation, Future Value of a Single Amount, Present Value of a Single Amount, Future Value of an Annuity, Present Value of an Annuity, Present Value of a Perpetuity, Intra-year Compounding and Discounting. Financial Statement Analysis – Financial Statements, Financial Ratios, Du Pont Analysis, Standardized Financial Statements, Valuation of Bonds and Stocks — Bond yields, Bond market, Valuation of Preference Stock, Equity Valuation – Dividend Discount Model, The P/E Ratio Approach, The Relationship between Earning-Price Ratio, Expected Return and Growth.

Unit III: Risk and Investment Management Theories:

Risk and Return – Risk and Return of a Single Asset, Risk and Return of a Portfolio, Measurement of Market Risk, Determination of Beta, Relationship between Risk and Return. Portfolio Theory – Portfolio Risk, Markowitz Model, Capital Asset Pricing Model, Arbitrage Pricing Theory and Multifactor Models.

Unit IV: Financial Trade Markets:

Derivatives Market: Options –Options and Their Payoffs just before Expiration, Factors Determining Option Values, Binomial Model for Option Valuation, Black-Scholes Model, Equity as a Call Option, Risky Debt and Options. Futures – Future Contracts, Financial Futures, Commodity Futures, Pricing of Future Contracts, Use of Future Contracts

Unit V: Investment Analysis:

Portfolio Management – Definition of Portfolio Management – Passive Investment Management and Active Investment Management, Specification of Investment Objectives and

Constraints, Selection of Asset Mix, Formulation of Portfolio Strategy, Selection of Securities, Portfolio Execution, Portfolio Revision, Performance Evaluation.

References:

Amenem, Noel and V´eronique Le Sourd, Portfolio Theory and Performance Analysis, John Wiley & Sons, Ltd. (UK), 2003.

Anthony Saunders, Anthony, and Marcia Millon Cornett, Financial Markets and Institutions, A modern Perspective, Tata Me Graw Hill.

Avadhani, V. A., Financial Economics-Theory and Practice - Millennium Ed., Himalaya Pub.

Bailey, E. Roy, The Economics of Financial Markets, Cambridge University Press, New York, 2005.

Baye, Michael and Dennis W Jansen, Money Banking and Financial Markets, An Economic Approach, Texas and A M University.

Bhole, L. M., Financial Institutions and Markets-Structure, Growth and Innovations, Tata McGraw Hill, New Delhi.

Chandra, Prasanna, Financial Management, 7th Edition, Tata McGraw Hill, New Delhi, 2008.

Chandra, Prasanna, Investment Analysis and Portfolio Management, 3rd Edition, Tata McGraw Hill, New Delhi, 2009.

Lecture: 4 hrs/week
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End semester: 60
Mid Semester: 20
Quiz: 20
Total Marks:100

Unit I: The Nature and Scope of Managerial Economics:

Introduction - Definition, Relationship Managerial Economics to Economic Theory as well as Decision Science. Organization of Business Firms - Concepts and Types of Business Organization, Proprietorship, Partnership, Joint Stock Company, Corporation, Cooperatives.

Reasons for the existence of Firms and their Functions - The Objective and Value of the Firm: Model of Profit Maximization, Managerial Theories of Firm, Baumol's Sales Revenue Maximization Model, Baumol's Theory with Advertisement, Dynamic Model, Williamson's Model, Marris Model of Managerial Enterprises, Behavior Theories - Simon's Satisfying Model - Cyert and March's Theory of Firm. Measuring Efficiency of the Firm: Profitability Ratios, Financial Stability, Solvency and Gearing.

Unit II: Demand Estimation and Forecasting:

The Identification Problem - Marketing Research Approaches - Regression Analysis - Problems in Regression Analysis - Demand Estimation.

Demand Forecasting: Time Series Analysis - Smoothing Techniques - Barometric Methods Econometric Models (Input-Output Forecasting).

Unit III: Optimization Technique: Linear Programming:

Problems of Optimization - Linear Programming for Optimization - Meaning, Assumptions and Applications of Linear Programming, Basic Linear Programming Concepts - Procedure used in Formulating and Solving Linear Programming Problem - Linear Programming and Profit Maximization - Linear Programming and Cost Minimization - Graphical Solution and Simplex Method - The Dual Problem and Shadow Prices - Linear Programming and Logistics in the Global Economy. Game Theory and Optimization Technique in Decision Making Process.

Unit IV: Price of Profits, Styles and Profit Analysis:

The Nature and Function of Profits: Business versus Economic Profit – Theory of Profit: Residual Claimant Theory, Wage Fund Theory, Dynamic Surplus Theory, Innovation Theory - Profit Policy - Break-Even Analysis and Profit Measurement, Profit Forecasting.

Unit V: Pricing Practices and Strategies:

Specific Pricing Problems - Popular Pricing Practices: Cost-Oriented Pricing, Cost-Plus Pricing and Other Price Determinants, Peak-Load Pricing, Price over the Life Cycle of the Product, Penetration Price - Pricing of Multiple Products - Price Discrimination - International Price Discrimination and Dumping - Transfer Pricing. Capital Budgeting - an Overview - The Capital Budgeting Process. Capital Budgeting Decision, Factors Influences in Investment Decision, Determining the Size of Capital Budget, Methods used to make Investment Decisions, Sources of Fund for Long-Term Financing, Measurement of Cost.

Text Books:

Salvatane Dominick (1993), Managerial Economics in a Global Economy, McGraw-Hill Inc., New York.

Mc Guigon R. James, R. Charles Moyer, Frederick H Deb, Harris (2002), Managerial Economics: Applications, Strategy and Tactics, South Western, USA.

References:

Thomas Christopher R. and Charles Maurice S. (2005), Managerial Economics, McGraw-Hill Irwin, Boston.

Keat Paul G. and Philip K.Y. Young (2003), Managerial Economics - Economic Tools for Today's Decision Makers, Prentice Hall, New Jersey.

Samuelson William F. and Stephen G. Marks (2006), Managerial Economics, John Wiley and Sons, Inc., New Jersey.

Petersen H. Craig and W. Cris Lewis (1986), Managerial Economics, Maxwell Macmillan International Editions, New York.

Mehta P.L. (1997), Managerial Economics: Analysis, Problems and Cases, Sultan Chand and Sons, New Delhi.

Shankaran S. (1999), Managerial Economics, Margham Publications, Madras.

