

F.Y.B.B.A. Semester-II

Effective from November 2011

MANAGERIAL ECONOMICS-II (With Business Organization)**OBJECTIVES:**

To give a complete and rigorous introduction to basic principles of microeconomics and to demonstrate how applications of economic theory can improve decision making. This subject also aims at giving preliminary idea of the forms of business organization.

PADAGOGIC TOOLS: Lectures, Practical examples from corporate & business world, case studies, assignments & presentations.

COURSE CONTENT:

Topics	Weightage
I <u>PRODUCTION ANALYSIS</u> <ul style="list-style-type: none"> ➤ Introduction – Theory of Production <ul style="list-style-type: none"> • Meaning & classification of Factors of Production ➤ Meaning & significance of Production Function in Business <ul style="list-style-type: none"> • Linear Homogeneous Production function • Short-run & Long-run Production function • Cobb-Douglas Production function • Constant elasticity of substitution (CES) Production function ➤ Theory of Production: Returns to a Variable Factors <ul style="list-style-type: none"> • Concept of Total Product, Average Product and Marginal Product • Laws of Diminishing Returns <p>Assumptions of the Law of Diminishing Returns</p> <p>Three stages of Production</p> <p>Stage 1: Increasing Returns</p> <p>Stage 2: Diminishing Returns</p> <p>Stage 3: Negative Returns</p> <p>Applicability of the Law of Diminishing Returns</p> ➤ Production Function with Two Variable Inputs <ul style="list-style-type: none"> • Meaning & general properties of Isoquants • Marginal Rate of Technical Substitution (MRTS) • The Economic Region of Production • Ridge lines • Laws of Returns to Scale 	30%

<p>Constant Returns to Scale</p> <p>Increasing Returns to Scale</p> <p>Decreasing Returns to Scale</p> <p>➤ Optimum Factor Combination</p> <ul style="list-style-type: none"> • Iso-Cost Line • Least-cost combination of Factors: Choice of Inputs • Expansion Path <p>II <u>INVESTMENT ANALYSIS</u></p> <p>➤ Meaning of Capital Budgeting</p> <ul style="list-style-type: none"> • Nature of Capital Budgeting <p>Demand for Capital</p> <p>Supply of Capital</p> <p>Capital Rationing</p> <ul style="list-style-type: none"> • Methods of evaluating Investment proposals: • Modern techniques of Investment Appraisal <p>Net Present Value criterion (NPV)</p> <p>Profitability Index criterion (PI)</p> <p>Internal Rate of Return criterion (IRR)</p> <ul style="list-style-type: none"> • Traditional Methods of Investment Appraisal <p>Pay back period method</p> <p>Average Rate of Return (ARR) or</p> <p>Return on Investment (ROI)</p>	30%
<p>Cost-Benefit Analysis</p> <p>III <u>BUSINESS ORGANISATION</u></p> <p>Kinds of Business Organization :</p> <p>➤ Sole Proprietorship</p> <p>Meaning, Features, Merits & Demerits</p> <p>➤ Partnership</p> <ol style="list-style-type: none"> 1. Meaning, Features, Merits & Demerits 2. Kinds of Partners. Partnership deed and Process of Registration 3. Distinction between Partnership & Proprietorship <p>➤ Joint Stock Company</p> <ol style="list-style-type: none"> 1. Meaning, Features, Merits & Demerits 2. Kinds of Company (Brief introduction only) 3. Distinction between Public Company & Private Company <p>➤ Co-operative Sector</p> <ol style="list-style-type: none"> 1. Meaning, Features, Merits & Demerits 2. Brief introduction of types of Co-operative Sector 3. Distinction between Co-operative and Companies 	30%

<ul style="list-style-type: none"> ➤ Public Enterprise Meaning, Features, Merits & Demerits ➤ Joint Venture Meaning, Features, Merits & Demerits ➤ Multinational Corporations Meaning, Features, Merits & Demerits <p>IV <u>CASE STUDIES</u></p>	10%
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Text and Reference Books:

- 15) Managerial Economics in a Global Economy – Dominick Salvatore, *Thomson South-Western*
 - 16) Managerial Economics : Application, Strategy & Tactics – Moyers, Harris
 - 17) Managerial Economics – D M Mithani, *Himalaya Publishing House*
 - 18) Managerial Economics – Analysis, Problems and Cases – P. L. Mehta, *Sultan Chand*
 - 19) Essentials of Managerial Economics – P. N. Reddy, *Himalaya Publishing House*
 - 20) Managerial Economics – G S Gupta, *Tata McGraw-Hill*
 - 21) Modern Microeconomics: Theory & Application – H L Ahuja, *Sultan Chand*
 - 22) Advanced Economic Theory: Microeconomic Analysis – H L Ahuja, *Sultan Chand*
 - 23) Principles of Microeconomics-H L Ahuja, *Sultan Chand*
 - 24) Business Economics – H. L. Ahuja, *Sultan Chand*
 - 25) Advanced Microeconomic Theory – M J Kennedy , *Himalaya Publishing House*
 - 26) Economics – Paul Samuelson, William Nordhaus , *Tata McGraw-Hill*
 - 27) Business Organisation & Management – V.K.Bhushan, *Sultan Chand & Sons.*
 - 28) Business Organisation – Acharya Govekar
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