

-Modules-

Managerial Economics - Basics

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Economics: Define

- A science which studies the nature and causes of the wealth of nations – Adam Smith (wealth definition)
- Political economy or economics is a study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well being. Thus it is on the one side a study, a study of wealth, and on the other and more important side, a part of the study of man.- Alfred Marshall (welfare definition).
- Economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses. – Robbins (scarcity definition)
- Economics is the study of how man and society choose, with or without the use of money, to employ scarce productive resources which could have alternative uses, to produce various commodities over time and distribute them for consumption now and in the future among various people and groups of society. – Samuelson (growth definition)

Managerial Economics

Managerial economics generally refers to the integration of economic theory with business practice.

Managerial economics applies tools viz. demand, supply, price, competition etc. to the management of business.

- Economics is the study of those principles of which the resources of a community should be so regulated and administered as to secure the communal (shared, mutual, common) ends without waste – Wicksteed
- Economics is the study of principles governing the allocation of the scarce means among competing ends when the objective of allocation is to maximize the attainment of ends – Stigler

- Managerial Functions and Economics [....](#)
- Micro and Macro Economics [....](#)

Features

- Decision making of economic nature
- Goal oriented
- Pragmatic
- Conceptual & metrical
- Link between traditional economics & decision science

Nature of Managerial Economics

- Integration of economic theory for managerial decision making.
- The science contains quantifiable tools and techniques.
- Reduce uncertainty and minimize risk.
- Facilitate safer decisions.

Scope of Managerial Economics

- Demand
- Production and Cost Analysis
- Pricing
- Applications of Linear Programming
- Capital Budgeting

Discussion