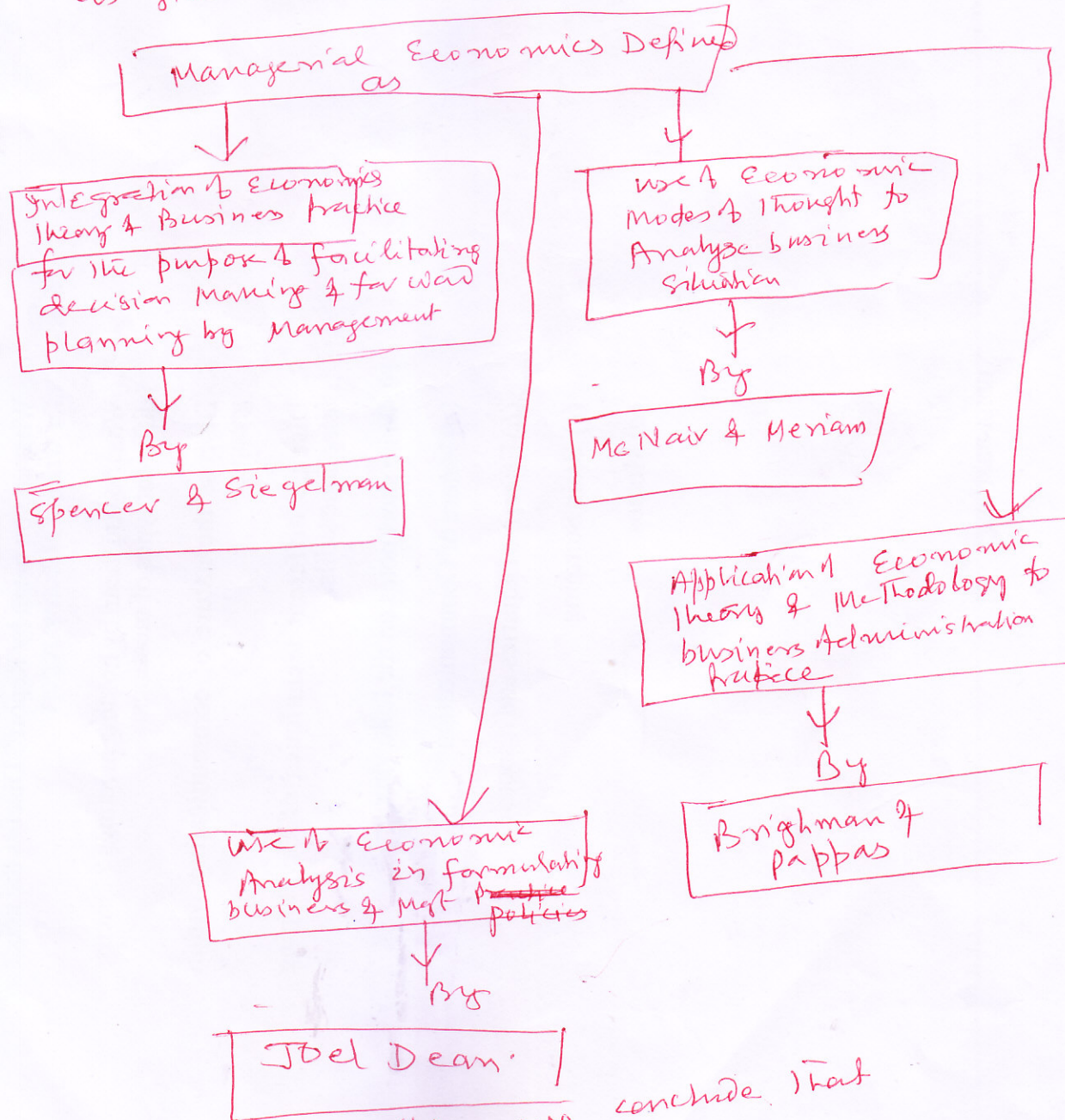


Q Define Managerial or Business Economics. Discuss its significance & scope [3+4+7 marks]

* Managerial Economics is a science that deals with the Application of various Economic theories, principles, concepts & techniques to business Management in order to solve business & Management problems

* It deals with Practical application of economic theory & methodology in decision making ~~in order~~ to achieve the prime objective of Business i.e. is Profit

* Different Authors have defined the Business Economics in different ways which are as given below



From all these definitions we conclude that Managerial or Business Economics is

2 Significance of Business Economics

- * It gives guidance for identification of key variables in decision-making process
- * It helps Business executive to understand the various indices of business & managerial problems & to take right decision at right time & right cost.
- * It provides techniques/modern tools & instruments to solve various business problems.
- * It is both science & art in the context of globalisation, privatisation, liberalisation & highly competitive dynamic economy
- * It helps business executive to become much more responsive, realistic & competent to face the dynamic challenges in the modern business world
- * It helps in achieving optimum use of scarce resources of firm to maximize Profit
- * It also helps in achieving other objective of firm like industry leadership, market share expansion & social responsibilities etc.
- * It helps the firm in forecasting demand, supply, cost, revenue, price, sales & profit & formulate sound business policies
- * It helps understanding the various external factors & forces affecting the decision making of a firm.
- * Many more - - - - -

Thus it is a highly useful & practical discipline to analyse & find solution to various kind of Business problems in a systematic & rational manner.