

Mandatory Course 3: Managerial Economics

Course Type:	PG: Program General	Course Credits:	2
Course Code:	C1PM403	Course Duration:	30 Hours

Course Objectives:

- To enable the students to understand both the theory and practice of Managerial Economics
- To ensure that the students are in a position to appreciate the finer nuances of the subject
- To help the students in applying the knowledge so acquired in policy planning and managerial decision making

Course Outcomes:

- CO1: Understand fundamental concepts of Economics and consumer behaviour using utility theory.
- CO2: Apply concepts of production, demand, cost, and supply analysis to boost efficiency and support the realization of company objectives.
- CO3: Analyse demand forecasting approaches to inform business decisions, and evaluate various market structures and pricing mechanisms to aid in strategic and competitive decision-making.
- CO4: Evaluate the impact of macroeconomic factors like investment trends, national income changes, and business cycle phases on business choices and sectoral dynamics.

Unit/ Module	Content	CO Mapping	Hours Assigned
1	Introduction: Concept of Economy, Economics, Microeconomics, Macroeconomics. Nature and Scope of Managerial Economics. Managerial Economics and decision making - The basic process of decision making; Concept of Firm, Market	CO1	3

	Objectives of Firm: Profit Maximization Model, Economist Theory of the Firm, Cyert and March's Behavior Theory, Marris' Growth Maximisation Model, Baumol's Static and Dynamic Models, Williamson's Managerial Discretionary Theory		
2	Utility & Demand Analysis: Utility - Meaning, Analysis & Measurement, Law of Diminishing Marginal Utility. Indifference Curve, Consumer's Equilibrium & Consumer Surplus. Demand-Concept, Types, Determinants, Laws, Elasticity & Its uses, Exceptions etc. Demand Forecasting: Introduction, Meaning, Levels, Criteria & Methods of Demand Forecasting.	CO1, CO2	3
3	The Basics of Supply: Supply: Introduction, Meaning, Law of Supply, Exceptions, Changes or Shifts in Supply. Elasticity of Supply Factors Determining Elasticity of Supply, Importance etc. Market Equilibrium and Changes in Market Equilibrium. Production Analysis: Introduction, Meaning, Function & Cost of Production. Cost Analysis: Function, Types, Economies of Scale, Cost-Output Relationship.	CO2, CO3	4
4	Production Function: Production function, Law of Diminishing Marginal Return (short run), Laws of Returns to scale (long run), Isoquant, Optimization analysis.	CO2, CO3,	4
5	Revenue Analysis and Pricing Policies: Introduction, Meaning and Types, Objectives of Pricing Policies, Cost plus Pricing. Marginal cost pricing. Cyclical Pricing. Penetration Pricing. Price Leadership, Price Skimming. Transfer Pricing. Relationship between Revenues and Price Elasticity of Demand, Market and Market	CO2, CO3,	4

	Structures, Break Even analysis, Profit Policy, Profit Forecasting. Need for Government Intervention in Markets. Price Controls. Support Price. Preventions and Control of Monopolies. System of Dual Price		
6	Market Structure 1 :Perfect and monopoly competition: Short run equilibrium of the competitive firm, long run equilibrium of the firm and industry. Monopoly: Types & Sources of monopoly, Monopoly Power, monopoly equilibrium in short run, Long run monopoly equilibrium, Monopoly wisdom	CO2, CO3, CO4	3
7	Markets Structure 2 – Oligopoly Monopolistic Competition: Oligopoly - Kinked demand curve, Cournot's Oligopoly model, Game Theory application in Oligopoly, Cartels Monopolistic Competition - Product differentiation, Selling cost & advertising outlay, equilibrium output and price under monopolistic competition.	CO3, CO4	3
8	Consumption & Investment Function: Introduction, Marginal Efficiency of Capital Business Expectations, Multiplier, Accelerator. Business Cycle: Introduction, Meaning Features, Theories of Business Cycles, Measures to Control Business Cycles. Macro-Economic Aspects: National Income Money Supply and Inflation.	CO3, CO4	6

Text Books:

1. Managerial Economics: Theory and applications: D.M.Mithani-Himalaya Publishing House.
2. Managerial Economics- Prof.A.K.Seth and Dr.Shalini Devi-International book house pvt.ltd

3. Managerial Economics- Suma damodaran-Oxford university press.
4. Managerial Economics- principles and worldwide applications- Dominick Salvatore- Oxford university press
5. Managerial Economics- Dr.S.L.Gupta-International book house pvt.ltd

Reference Books:

1. Wilkinson, N. and Klaes M. 2018. An Introduction to Behavioral Economics (3rd ed.)
2. Managerial Economics, Mote, Paul and Gupta, T M H, New Delhi.
3. Managerial Economics - Analysis, Problems and Cases, P.L. Mehta, Sultan Chand Sons, New Delhi.

Other Suggested Reading:

1. <https://archive.nptel.ac.in/courses/110/101/110101149/>
2. https://onlinecourses.swayam2.ac.in/ini24_cm04/preview

Suggested Pedagogy – Lectures and discussions, Case studies, Book presentations of recommended readings

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