



Course Title: MANAGERIAL ECONOMICS
Credit Units: 3

Course Level: PG

Course Code: ECON605

L	T	P/S	SW/F W	TOTAL CREDIT UNITS
2	1	-	-	3

Course Objective:

To familiarize the students with theoretical concepts of modern Economic Analysis so that they can use these as inputs in managerial decision making process. Emphasis would be laid on the understanding of key economic variables both at micro and macro level which influence the business operations and strategies of the firm and the business environment under which they operate.

Pre-requisites: Nil

Course Contents/Syllabus:

	Weightage (%)
Module I: Theory of demand and supply	25
Nature and scope of economic analysis: its relevance for a managerial decision making, Demand analysis: nature of demand for a product- individual demand and market demand, demand by market segmentation. Demand function and determinants of demand. Supply function: determinants of supply of a product, law of supply. Elasticity of supply. Concept of elasticity of demand- income, cross, price and advertizing elasticity. Theorems on the price elasticity of demand. Applications of the concept of price elasticity of demand in business decisions. Demand forecasting-- need for forecasting and techniques of forecasting.	
Module II: Theory of production and cost	25
Production analysis: production function-- neo-classical, Cobb- Douglas, Leontief. Least cost combination of inputs for a firm. Concept of an isoquant-- smooth curvature and right angle. Returns to scale and returns to a factor. Expansion path of a firm. Cost Analysis: Costs relevant for management decision making. Economies of scale: Internal and External ,Cost Function: Cost and output relationship. Short Run and Long run. An Analysis of the Objectives of a Business Firm: Profit Maximization Model, Baumoul's Sales Maximization Model, Marris's Model Of 'Managerial Enterprise' Williamson's Model Of 'Managerial Discretion	
Module III: Market structure: price and output decisions	25
Pricing And Output Decisions – Perfectly Competitive And Monopoly Markets Pricing And Output Decisions –Under Monopolistically Competitive Market-- Product Differentiation; Price Discriminating Monopolist; Models Of Oligopolistic Market :Price Rigidity-- The Kinky Demand Curve Model Interdependence-- The Cournot Model, Price Leadership Models, Cartels And	

Collusion,	
Module IV: Macro Economic Analysis and Business Environment	25
Economic Policy and Analysis: Macro Economic Variables and Functional Relationships. Business Environment: An Exogenous Variable. Factors Influencing the Business Environment. National Income Analysis: National Income Aggregates. Approaches to National Income Measurement. Models of Circular Flow of Money- Incorporating Savings, Investment, Foreign Trade and Government Sector. Models of Income Determination with emphasis on Keynesian Model. Concept of Investment Multiplier. Factors Influencing Consumption Function- Objective, Subjective And Structural. Demand and Supply of Money: Transaction, Precautionary and Speculative Demand for Money; Liquidity Preference Function; Components of Money Supply. Business Cycles: An Analysis of the Fluctuations in the Level of Economic Activity. Phases of Business Cycles. Inflation and Deflation: Demand - Pull and Cost -Push Inflation. Impact Of Inflation On Employment, Price Level And Other Macro Economic Variables An Analysis Of Policies To Control Inflation. Deflation. Monetary Policy: Objectives of Monetary Policy. Functions of Central Bank. Credit Policy and Its Implications on the Corporate Sector. Fiscal Policy: meaning ,objectives and impact on economy. Money Market ,Capital Market and Foreign Exchange Market	

Student Learning Outcomes:

On successful completion of the course the student shall

Develop a good understanding about the basic concepts of economics and objectives of business

- Students will **comprehensively understand, interpret, compare & contrast**, explain How demand and supply equilibrium is important for business and Various cost and production functions and also the market structures
- **Analyze** the Constituents and influence of various environmental factors on strategic choices. An overview of macro economics will be a precursor for making business decisions
- **Interpret** the basic concepts of National Income and the related concepts

Pedagogy for Course Delivery:

Traditional classroom teaching shall be used for developing the concepts. Extensive use of case studies shall be made to develop practical approach and inclination.

Innovative discussions shall be carried out in class so that students learn to think liberally using current knowledge base.

Case studies shall be used to develop some of the concepts

Students shall be encouraged to give presentations on the related issues in the current economic environment

Assessment/ Examination Scheme:

Theory L/T (%)	Lab/Practical/Studio (%)	End Term Examination
100%		100%

Theory Assessment (L&T):

Continuous Assessment/Internal Assessment					End Term Examination
Components (Drop down)	Class test 1	Class Test 2	Viva	Attendance	
Weightage (%)	5%	15%	5%	5%	70%

Text Reading:

- Dwivedi DN, Managerial Economics, Vikas Publishing House
- Ahuja HL, Advanced Economic Theory, S.Chand & Sons
- Ahuja HL, Business Economics, S.Chand & Sons
- Chopra PN, Managerial Economics, Kalyani Publishers.
- Gupta, G.S. 2006, Managerial Economics, 2nd Edition, Tata McGraw Hill
- Peterson, H.C and Lewis, W.C. 2005, Managerial Economics, 4th Edition, Prentice Hall of India
-

References:

- Adhikari M., Managerial Economics, Excel Books.
- Peterson H. & W. Chris Lewis, Managerial Economic Analysis and Cases, Pearson Education.
- Varshney, R. Land Maheshwari, 1994 Manageriaql; Economics, S Chand and Co.
- Koutsoyiannis, A. Modern Economics, Third Edition.

Additional Reading:

- R Ferguson, R., Ferguson, G.J and Rothschild, R.1993 Business Economics Macmillan.

Any other Study Material:

- Chandra, P.2006, Project: Preparation Appraisal Selection Implementation and Review, 6th Edition, Tata McGraw Hill.