

Name of Institute: Indus Institute of Management Studies (IIMS)
Name of Faculty: Dr. Gauri Gaur

Course code: MB0102
Course name: Managerial Economics
Pre-requisites: Graduation
Credit points: 3 Credits
Offered Semester: I

Course Lecturer (weeks 01 - 12)

Full name: Dr. Gauri Gaur
Department with siting location: Management
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Consultation times: 2.00 PM to 4.00 PM

Students will be contacted throughout the Session via Mail with important information relating to this Course.

Course Objectives

The course is aimed at building a perspective necessary for the application of model economic concepts, precepts, tools and techniques in evaluating business decisions taken by a firm at the micro level. The course will also look at recent developments in business in the context of economic theory. To provide basic theories and tools of analysis and develop an understanding of the behavior of various economic agents to help decision-making.

Course Outcomes (CO)

- CO1 Understanding the basic concepts of managerial economics.
- CO2 Develop an understanding of the applications of managerial economics.
- CO3 Understanding the economic goals of the firms and optimal decision making.
- CO4 Discuss optimization and utility including consumer behavior.
- CO5 Assess the relationships between short-run and long-run costs.
- CO6 To integrate the concept of price and output decisions of firms under various market structure.

CO7 Explain uniform pricing and how it relates to price discrimination and total revenue.

CO8 To understand the concepts of inflation in Unemployment.

Course Outline

Course Content:

UNIT-I

Meaning, nature, characteristics and significance of managerial economics. Scope, role and responsibility of managerial economics. Fundamental concepts, models and methods; Managerial and behavioral theories of firm.

Ten principles of economics. The market forces of supply and demand. Elasticity and its applications.

(7

hours)

UNIT-II

Ordinal and Cardinal Approach of Utility:

Definition of Indifference Curve, Characteristics of Indifference curve, Budget Constraint/ Price-line /Income expenditure line, Marginal Rate of Substitution, Law of diminishing marginal rate of Substitution, Consumer Preference and Choice: Consumers, producers and the efficiency of markets.

Consumer's equilibrium with ordinal approach, Income Effect, Substitution Effect (Slutsky equation), Price Effect (only for normal goods),

(7h

ours)

UNIT-III

The costs of production:

- Short-run and long-run cost curves and its managerial use .The various measures of cost – FC, VC, AC, MC, cost curves and their shapes (rising MC, U-shaped ATC, the relation between MC and ATC), typical cost curves; Costs in the short run and long run – relationship between SR and LR ATC, economies and dis-economies of scale

- Theory of Production

(7 hours)

UNIT -IV

Perfect Competition: Brief introduction of Perfect competition and Monopoly .Meaning and Characteristics of Perfect Competition, AR, MR and Elasticity under Perfect Competition, Short run equilibrium of the firm under Perfect Competition, Long run equilibrium of the firm under Perfect Competition, **Monopoly:** Meaning and Characteristics of Monopoly, AR, MR and Elasticity under Monopoly, Short run equilibrium under Monopoly, Long run equilibrium under Monopoly Discriminating monopoly When Price Discrimination is Possible, Profitable and socially desirable with diagram, Equilibrium of price discriminating monopolist, Dumping Case under Monopoly

(8 hours)

UNIT-V

Monopolistic competition:

AR, MR and Elasticity under Monopolistic Competition, Short run equilibrium of the firm under Monopolistic Competition, Long run equilibrium of the firm under Monopolistic Competition, Excess Capacity Collusive Oligopoly: Cartels (Joint Profit Maximization Cartels and Market Sharing Cartels), Price leadership (Low cost price leadership, barometric price leadership and dominant price leadership)

(7 hours)

Study time

Three hours per week

CO-PO Mapping (PO: Program Outcomes)

| | PO1 | PO2 | PO3 | PO4 | PO5 | PO6 |
|-------------|----------|----------|----------|----------|----------|-----|
| CO 1 | 3 | - | - | 2 | 2 | - |
| CO 2 | 3 | 2 | 2 | - | - | - |
| CO 3 | 3 | 1 | 2 | 1 | - | - |
| CO 4 | 3 | - | - | - | - | - |
| CO 5 | 3 | - | 1 | - | - | - |
| CO 6 | 3 | - | 3 | - | - | - |

Blooms Taxonomy and Knowledge retention(For reference)

(Blooms taxonomy has been given for reference)

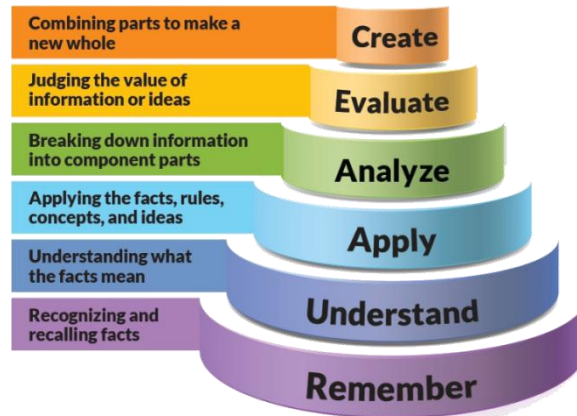


Figure 1: Blooms Taxonomy

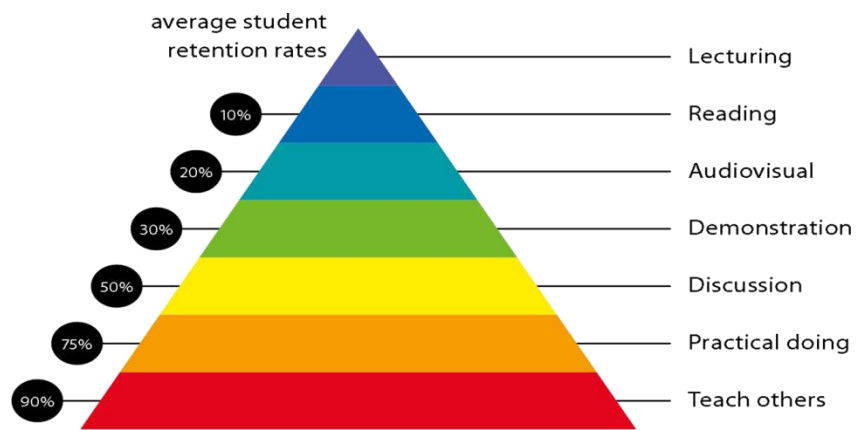


Figure 2: Knowledge retention

Graduate Qualities and Capabilities covered

(Qualities graduates harness crediting this Course)

| General Graduate Qualities | Specific Department of Graduate Capabilities |
|---|---|
| <p>Informed Have a sound knowledge of an area of study or profession and understand its current issues, locally and internationally. Know how to apply this knowledge. Understand how an area of study has developed and how it relates to other areas.</p> | <p>1 Professional knowledge, grounding & awareness</p> |

| | |
|---|--|
| <p>Independent learners Engage with new ideas and ways of thinking and critically analyze issues. Seek to extend knowledge through ongoing research, enquiry and reflection. Find and evaluate information, using a variety of sources and technologies. Acknowledge the work and ideas of others.</p> | <p>2 Information literacy, gathering & processing</p> |
| <p>Problem solvers Take on challenges and opportunities. Apply creative, logical and critical thinking skills to respond effectively. Make and implement decisions. Be flexible, thorough, innovative and aim for high standards.</p> | <p>4 Problem solving skills</p> |
| <p>Effective communicators Articulate ideas and convey them effectively using a range of media. Work collaboratively and engage with people in different settings. Recognize how culture can shape communication.</p> | <p>5 Written communication</p> |
| | <p>6 Oral communication</p> |
| | <p>7 Teamwork</p> |
| <p>Responsible Understand how decisions can affect others and make ethically informed choices. Appreciate and respect diversity. Act with integrity as part of local, national, global and professional communities.</p> | <p>10 Sustainability, societal & environmental impact</p> |

Practical work:

1. Assignment -1: Theoretical Questions
2. Assignment -2: Theoretical Questions
3. Assignment -3: Presentations in small Groups

Lecture/tutorial times

Attendance Requirements

The University norms states that it is the responsibility of students to attend all lectures, tutorials, seminars and practical work as stipulated in the Course outline. Minimum attendance requirement as per university norms is compulsory for being eligible for mid and end semester examinations.

| | | |
|----------------|-----------------------------------|-------------|
| Lecture | Monday 11:00 - 12:00 pm | Room |
| Lecture | Wednesday 11:00 - 12:00 pm | Room |
| Lecture | Friday 11:00 - | |

Details of referencing system to be used in written work

Text Books:

- Principles of Economics N Gregory Mankiw Cengage Learning latest edition
- Managerial Economics Geetika Piyali & Ghosh Purba Roy Choudhary Tata McGraw Hill 2nd edition
- Managerial Economics D.N Dwivedi Vikas Publication latest edition

Reference Books:

- Managerial Economics Theory and Applications Dr. D.M.Mithani Himalaya Publication latest edition
- Business Economics Andrew Gillespie Oxford Publication latest edition
- Managerial Economics Yogesh Maheshwari Prentice Hall India Latest edition
- Managerial Economics Christopher R Thomas S Charles Maurice Sumit Sarkar Tata McGraw Hill 9th Special Indian Edition
- Microeconomics: Theory and Applications, D Salvatore Oxford Publication
- Managerial Economics, Atmanand Excel Books Latest edition
- Advanced Microeconomic Theory, Mishra and Puri Himalaya Publishing House latest edition

ASSESSMENT GUIDELINES

Your final course mark will be calculated from the following:

1. Assignment-1: 5 Marks
2. Assignment -2: 5 Marks
3. Presentation: 5 Marks
4. Attendance: 5 Marks
5. Mid Semester Exams: 40 Marks
6. End Semester Exams: 40Marks

SUPPLEMENTARY ASSESSMENT

Students who receive an overall mark less than 40% in mid semester or end semester will be considered for supplementary assessment in the respective components (i.e mid semester or end semester) of semester concerned. Students must make themselves available during the supplementary examination period to take up the respective components (mid semester or end semester) and need to obtain the required minimum 40% marks to clear the concerned components.

Practical Work Report/Laboratory Report:

A report on the practical work is due the subsequent week after completion of the class by each group.

Late Work

Late assignments will not be accepted without supporting documentation. Late submission of the reports will result in a deduction of -% of the maximum mark per calendar day

Format

All assignments must be presented in a neat, legible format with all information sources correctly referenced. **Assignment material handed in throughout the session that is not neat and legible will not be marked and will be returned to the student.**

Retention of Written Work

Written assessment work will be retained by the Course coordinator/lecturer for two weeks after marking to be collected by the students.

University and Faculty Policies

Students should make themselves aware of the University and/or Faculty Policies regarding plagiarism, special consideration, supplementary examinations and other educational issues and student matters.

Plagiarism - Plagiarism is not acceptable and may result in the imposition of severe penalties. Plagiarism is the use of another person's work, or idea, as if it is his or her own - if you have any doubts at all on what constitutes plagiarism, please consult your Course coordinator or lecturer. Plagiarism will be penalized severely.

Do not copy the work of other students.

Do not share your work with other students (except where required for a group activity or assessment)

Course schedule(subject to change)

(Mention quiz, assignment submission, breaks etc as well in the table under the Teaching Learning Activity Column)

| Week # | Topic & contents | CO Addressed | Teaching Learning Activity (TLA) |
|---------|---|------------------|----------------------------------|
| Weeks 1 | Meaning, nature, characteristics and significance of managerial economics. Scope, role and responsibility of managerial economics. Fundamental concepts, models and methods; Managerial and behavioral theories of firm. | CO1,CO2 & CO3 | Lecture |
| Weeks 2 | Ten principles of economics. The market forces of supply and demand. Elasticity and its applications. | CO1,CO2 & CO3 | Lecture |
| Week 3 | Definition of Indifference Curve, Characteristics of Indifference curve, Budget Constraint/ Price-line /Income expenditure line, Marginal Rate of Substitution, Law of diminishing marginal rate of Substitution, | CO1, CO2,CO3,CO6 | Lecture |
| Week 4 | Consumer Preference and Choice: Consumers, producers and the efficiency of markets. Consumer's equilibrium with ordinal approach, Income Effect, Substitution Effect (Slutsky equation), Price Effect (only for normal goods), | CO1,CO2 & CO3 | Lecture |

| | | | |
|---------|---|-----------------------|---------|
| Week 5 | Short-run and long-run cost curves and its managerial use .The various measures of cost - FC, VC, AC, MC, cost curves and their shapes (rising MC, U-shaped ATC, the relation between MC and ATC) | CO1, CO2 CO5 & CO6 | Lecture |
| Week 6 | ● typical cost curves; Costs in the short run and long run – relationship between SR and LR ATC, economies and dis-economies of scale | CO1, CO2 CO5 & CO6 | Lecture |
| Week 7 | ● Theory of Production | CO1,CO2 & CO3 | Lecture |
| Week 8 | Brief introduction of Perfect competition and Monopoly .Meaning and Characteristics of Perfect Competition, AR, MR and Elasticity under Perfect Competition | CO1,CO2 & CO3 | Lecture |
| Week 9 | Short run equilibrium of the firm under Perfect Competition, Long run equilibrium of the firm under Perfect Competition, | CO1,CO2 & CO3 | Lecture |
| Week 10 | Meaning and Characteristics of Monopoly, AR, MR and Elasticity under Monopoly, Short run equilibrium under Monopoly, Long run equilibrium under Monopoly | CO1,CO2 & CO3 | Lecture |

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| Week 11 | MID SEM EXAM | | Lecture |
| Week 12 | Discriminating monopoly When Price Discrimination is Possible, Profitable and socially desirable with diagram, Equilibrium of price discriminating monopolist, Dumping Case under Monopoly | CO1,CO2 & CO3 | Lecture |
| Week 13 | AR, MR and Elasticity under Monopolistic Competition, Short run equilibrium of the firm under Monopolistic Competition, Long run equilibrium of the firm under Monopolistic Competition, Excess Capacity Collusive | CO1,CO2 & CO3 | Lecture |
| Week 14 | Oligopoly: Cartels (Joint Profit Maximization Cartels and Market Sharing Cartels), Price leadership (Low cost price leadership, barometric price leadership and dominant price leadership) | CO1,CO2 & CO3 | Lecture |
| Week 15 | Revision | | Lecture |