

Programme..Master of Commerce (MCom)

MCM5001 MANAGERIAL ECONOMICS

Course Code	MCM5001	Semester	I
Course Title	MANAGERIAL ECONOMICS		
Credits	3	Type	Elective

Learning/Course Objective

- To learn how the techniques and theories of microeconomics can be used to explain how firms and consumers behave
- Analyze the problems faced by firms in their interaction with consumers and the market
- Use the tools of economic theory to explain optimal production and pricing decisions by the firm in each market structure
- To understand when the behaviour of firms and consumers is efficient from society's perspective.

Course Structure

Unit 1:

Economics & Business Decisions: Meaning, nature and scope of Managerial Economics– Relationship between Economic theory and Managerial Economics –Role of Managerial Economics in Business Decisions- Concepts of Opportunity cost, Time Value of Money, Marginalism, Equilibrium and Equi-marginalism and their role in business decision making- (Relevant One or Two Case Studies).

Unit 2:

Demand and Supply Analysis: Meaning, types and determinants of demand- Law of Demand- Giffen's Paradox- Elasticity of Demand: Types, Measures and Role in Business Decisions- Determinants of Supply- Elasticity of Supply- Measures and Significance- (Relevant Two Case Studies).

Unit 3:

Cost, Return and Production Function: Cost function and cost-output relationship- Economics and Diseconomies of scale – Cost control and Cost reduction- Cost Behavior and Business Decision- Relevant costs for decision-making- Cobb-Douglas and **Homogeneous and Homothetic production functions** - (Relevant One or Two Case Studies).

Unit 4:

Price and Profit Function: - Pricing and output decisions under Monopoly, Duopoly, Monopolistic Competition and Perfect Competition –Penetrative and Skimming Pricing- Government control over and decontrol of pricing –Price discrimination –Concept of Profit- Types and Theories of Profit by Knight (Uncertainty), Schumpeter (Innovation), Clark (Dynamic) and Hawley (Risk) - Profit maximization – Cost volume profit analysis – Risk and Return Relationship- (Relevant One or Two Case Studies).

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Unit 5:

Macro-economic Factors and Managerial Decision: Business cycle –Phases and Business Decision- Factors causing Inflation and Deflation- Control measures – Balance of payment Trend and its implications in managerial decision- National Income: Measures and Sectoral and Population distribution- Utility for Business Decision making- (Relevant One or Two Case Studies).

Learning/Course Outcome

- Understand the concepts of cost, nature of production and its relationship to Business operations.
- Apply marginal analysis to the “firm” under different market conditions.
- Analyses the causes and consequences of different market conditions.
- Integrate the concept of price and output decisions of firms under various market structure.

Books for Reference

1. Ivan Png and Dale Lehman, *Managerial Economics*, Wiley-Blackwell, 2007.
2. Gupta G S, *Managerial Economics*, Tata McGraw-Hill.
3. Varshney and Maheswari, *Managerial Economics*, Sultan Chand and Sons.
4. Joel Dean, *Managerial Economics*, Prentice-Hall.
5. Rangarajan C, *Principles of Macro Economics*, Tata McGraw-Hill.
6. Bradley Schiller, *Essentials of Economics*, McGraw-Hill/Irwin, 2010.
7. Christopher Thomas and S. Charles Maurice, *Managerial Economics: Foundations of Business Analysis and Strategy*, AbeBooks, 2015.
8. Luke M Froeb, Brian T McCann, et al., *Managerial Economics*, Cengage Learning, 2015.