

Programme..Master of Commerce (MCom)

MCM5102

MANAGERIALECONOMICS

Course Code	MCM5102	Semester	I
Course Title	<i>MANAGERIAL ECONOMICS</i>		
Credits	4	Type	Core

This course shall have 3 lecture hours, 2 practicals, 1 tutorial.

This is a Skill based, employability based, and entrepreneurship skill based course.

Course Objective

To integrate the basic concepts of economics with the tools of mathematics and statistics in order to analyze and make optimal business decisions.

Learning Objectives

- To learn how the techniques and theories of microeconomics can be used to explain 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 behavior of firms and consumers is efficient from society's perspective.
- Understand the application of economics in managerial decision-making.

Course Structure

UNIT I

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- Business and economic forecasting -Relevant One or Two Case Studies

UNIT II

Demand and Supply Analysis: Meaning, types and determinants of demand- input decisions 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-Concepts of Markets, analysis of market demand and empirical estimation of demand -Relevant Two Case Studies

UNIT III:

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 – Empirical production function and cost analysis -Relevant One or Two Case Studies

UNIT IV:

Price and Profit Function:-Pricing and output decisions under Monopoly, Duopoly, Monopolistic

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Competition and Perfect Competition – Pricing Policies 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- Government Intervention and effect - Relevant One or Two Case Studies

UNIT V :

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). Managing Global Economy, Monopoly and Dominant Firm, Organization and Governance, EnvironmentalStewardship, Social and Relationship Capital.

Practicals

- Prepare a case study based on Giffen'sparadox.
- Analyse the various costs relevant for decision making in case of product diversification
- Prepare a model on elasticity of demand of FMCG products

Skills

- Analytical understanding of market conditions and profitmaximization.
- Design competition strategies, including costing, pricing, product differentiation, and market environment according to the natures of products and the structures of themarkets
- Critically examining price theory and consumer choice for various products.

Learning/Course Outcomes

- 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 decision of firms under various market structures.
- To understand the internal and external decisions to be made by managers
- To analyze the demand and supply conditions and assess the position of accompany

Books for Reference:

1. Bradley Schiller (2010), *Essentials of Economics*, McGraw-Hill/Irwin.
2. Christopher Thomas and S. Charles Maurice (2015), *Managerial Economics: Foundations of Business Analysis and Strategy*, AbeBooks.
3. D. M. Mithani, *Managerial Economics*, HPH.
4. Dornbusch, R. and S. Fischer *Macro Economics* , Publisher Tata McGrawHill
5. Gupta G S, *Managerial Economics*, TataMcGraw-Hill.
6. Ivan Png and Dale Lehman (2007), *Managerial Economics*, Wiley-Blackwell.
7. Joel Dean, *Managerial Economics*, Prentice-Hall.

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8. Luke M Froeb, Brian T McCann, et al., Managerial Economics, Cengage Learning,2015.
9. Mankiw, N. Gregory, Macro Economics,Macmillan.
10. Oliver Blanchard Macro Economics, Pearson Education,LPE.
11. Pindyck Robert S., Daniel L. Rubinfeld and Prem L. Mehta, Micro Economics, Pearson Education Asia, NewDelhi.
12. Rangarajan C, *Principles of Macro Economics*, TataMcGraw-Hill.
13. Varshney and Maheshwari, *Managerial Economics*, Sultan Chand andSons.
14. Yogesh Maheshwari, Managerial Economics,PHI