

ECONOMICS FOR MANAGERS

Subject Code	: 14MBA12	IA Marks	: 50
No. of Lecture Hours / Week	: 04	Exam Hours	: 03
Total Number of Lecture Hours	: 56	Exam Marks	: 100
Practical Component	: 01 Hour / Week		

Objectives :

- To introduce the fundamentals, tools and theories of managerial economics
- To orient on micro economic techniques as a decision making process
- To understand macro economic analysis essential for business managers

Module I

(10 hours)

Managerial Economics: Meaning, Nature, Scope. & Significance, Uses of Managerial Economics, Objectives and alternative hypothesis of the firm – Theories of firm-Baumol's Model and Agency theory- Law of Demand, Exceptions to the Law of Demand, Elasticity of Demand- Price, Income, Cross and Advertising Elasticities, Uses of Elasticity of Demand for Decision Making, - Demand Forecasting: Meaning and Significance. Problems on Elasticity of Demand.

Module II

(8 hours)

Production Analysis: Concept, Production Function- Total, Average, & Marginal Product, –Law of Variable Proportions & ISO-Quants & ISO Costs - Least cost factor combination- Returns to Scale- Economies and Diseconomies of Scale - Technological progress and production function

Module III

(8 hours)

Cost and Revenue Profit Functions: Cost Concepts, Fixed and variable costs- Total Cost, Average Cost, Marginal Cost, Opportunity Cost. - Short-run and Long-run Cost Curves

Profits: Determinants of Short-Term & Long Term Profits, Measurement of Profit.

Break Even Analysis- Meaning, Assumptions, Determination of BEA, Limitations and Uses of BEA in Managerial Economics. (Problems on BEP)

Module IV

(8 hours)

Market Structure: Perfect Competition: Features, Determination of Price under Perfect Competition - Monopoly: Features, Pricing under Monopoly,

Price Discrimination - Oligopoly: Features, Kinked Demand Curve, Cartel,
Price Leadership - Monopolistic Competition: Features, Pricing under
Monopolistic Competition, Product Differentiation
Pricing - Descriptive Pricing- Price Skimming, Price Penetration.

Module V

8 hours

Indian Economic Environment: Overview of Indian Economy, Recent changes in Indian Economy.

Measurement of National Income: Basic Concepts, Components of GDP- Measuring GDP and GNP, Difficulties in measuring National Income, Growth Rate.

Business Cycle – Features, Phases, Economic Indicators / **Inflation** : Types, causes, Measurement , Kinds of Price Indices, Primary, Secondary and Tertiary Sectors and their contribution to the Economy, SWOT Analysis of Indian Economy.

Module VI

8 hours

Industrial Policies and Structure: A critical look at Industrial Policies of India, New Industrial Policy 1991; Disinvestment in PSUs - Private Sector- Growth, Problems and Prospects, SMEs – Significance in Indian economy-problems and prospects

A brief Industry Analysis: Textiles, Electronics, Automobile, FMCG, Telecom, Pharma. FDI in Retailing, Infrastructure, Pharma, Banking & Insurance

Globalization and Indian Business Environment: Meaning and Implications, Phases, Impact of Globalization on Indian Economy across Sectors.

Foreign Trade: Trends in India's Foreign Trade, Impact of WTO on India's Foreign Trade.

Module VII

6 hours

Economic Policies: Fiscal Policy: Objectives, Instruments, Union Budget, **Monetary Policy:** Measures of Money Supply, Monetary Policy in India- objectives, tools for Credit Control. Role and functions of Comptroller and Auditor General of India (CAG)

Practical Components:

- Assessment of Impact of advertisement or sales promotion on the demand of a product (Preferably FMCG goods)
- Study of demand elasticity for a product when there is a price increase or price decrease.

- Demand forecasting -- Mini project may be given to students to assess the demand for a product or a service using any method.
- Preparing a project proposal for a new business venture to understand the BEP using real time data.
- An in-depth study of economic indicators on the growth rate
- Analysis of recent budget, fiscal discipline and disinvestment proposals of the GOI
- A study on the effect of monetary policy on banking and NBFCs
- A futuristic study of leading Indian industries and observations of CAG on major issues.

RECOMMENDED BOOKS:

- Managerial Economics, D.N Dwivedi, 6th ed., Vikas Publication.
- Managerial Economics- Theory and Applications, Dr. D.M Mithani, Himalaya Publications.
- Managerial Economics, H. L Ahuja, S. Chand, 2011
- Indian Economy, K P M Sundharam and Dutt, 64th Edition, S Chand Publication.
- Indian Economy, Misra and Puri, Himalaya Publications
- Business Economics, ML Jhingan and Upadhyaya, Vrinda Publications
- Business Environment Text and Cases by Justin Paul, 3rd Edition, McGraw-Hill Companies.

REFERENCE BOOKS:

- Managerial Economics- Principles and worldwide applications, Dominick Salvatore, 6e, Oxford Publication, 2010
- Managerial Economics, Jaswinder Singh, Dreamtech publications, 2013
- Managerial Economics, Yogesh Maheswari, PHI, 2013
- Modern Economic Theory, KK Dewett and MH Navalur, S Chand Publication, 2013
- Managerial Economics: Case study solutions- Kaushal H, Ue., Macmillan, 2011



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Alva's Institute of Engg. & Technology
MIJAR - 574 225