

# GUJARAT TECHNOLOGICAL UNIVERSITY

## INTEGRATED MASTER OF BUSINESS ADMINISTRATION

Year – First (Semester – I) (W.E.F. Academic Year 2017-18)

**Subject Name: MANAGERIAL ECONOMICS (ME)**

**Subject Code: 2517104**

### 1. Course Objective:

- (a) To enable the students to understand micro and macroeconomic concepts relevant for business decisions.
- (b) To help the students understand the application of economic principles in business management.
- (c) To apply economic analysis in the formulation of business policies
- (d) To use economic reasoning to problems of business.

**2. Course Duration:** The course duration is of **45 sessions of 60 minutes** each.

### 3. Course Contents:

Module No.	Modules with its Contents/Chapters	No. of Sessions	Marks (out of 70)
I	<b>INTRODUCTION TO MANAGERIAL ECONOMICS:</b> Meaning & Definition of Managerial Economics - Nature & Scope - Characteristics - Uses- Managerial Decision Making and Forward Planning (2) Basic economic tools used in managerial economics: Mathematical, Statistical etc. (3) Principles of Managerial Economics: Opportunity cost principle, marginal & incremental principle, equi marginal principle, Time Perspective Principle, Discounting Principle	10	14
II	<b>CONSUMER BEHAVIOUR &amp; THEORY OF DEMAND</b> (1) Utility - Law of Diminishing Marginal Utility – Indifference curve - Law of Diminishing Marginal Rate of Substitution (LDMRS) – (2) Consumers Equilibrium & Theory of Consumer Surplus (3) Demand - Demand function - Law of Demand - Elasticity of demand - measuring elasticity-uses & Factors affecting elasticity (4) Demand forecasting – need - steps in demand forecasting	10	21

<b>III</b>	<p><b>THEORY OF COSTS AND PRODUCTION</b></p> <p>(1) Classification of costs - Short run cost-output relationship - Long run average and marginal cost curves - Use of Long run average cost curve - Traditional Approach &amp; Modern Approach (2) Production Function - Linear homogeneous production function - Law of variable proportions - (3) Isoquant &amp; Iso cost Lines – Properties - Marginal Rate of Technical Substitution - Economic Region of Production – (4) Economies and Diseconomies of Scale - Laws of Return to scale – Optimal combination of resources - (5) Producer’s equilibrium in perfect and imperfect markets</p>	10	14
<b>IV</b>	<p><b>FORMS OF MARKET, EQUILIBRIUM AND PRICING</b></p> <p><b>A) Price and Output determinations:</b></p> <p>(1) Characteristic features of Different Market Structures Perfect &amp; Imperfect Markets (2) Price and Output Decisions Under Different Market Structures: Perfect competition - Monopolistic Competition - Monopoly - Oligopoly (3) Excess capacity under monopolistic competition - Pricing under discriminating monopoly -</p> <p><b>(B) Pricing Policies &amp; Practices :</b></p> <p>(4) Factors governing prices - Objectives of pricing policy - Role of cost &amp; demand in pricing (6) Pricing methods: Cost-plus or full-cost pricing - Target pricing - Marginal cost pricing - Going rate pricing - Follow up pricing - Barometric pricing - Customary prices - Pricing of new products: Penetrating pricing - Price skimming - Pricing products of lasting distinctiveness and perishable distinctiveness</p>	15	21
<b>V</b>	<p><b>Practical:</b> Collect data of the pricing practices followed for different products and analyze or Any other topic which has contemporary practical relevance</p>		Internal evaluation (30 marks of CEC)

**\* Practical Sessions of Office Automation tools must be taken into Computer Lab**

#### **4. Teaching Methods:**

The course will use the following pedagogical tools:

- (a) Lectures (b) Role Plays (c) Case Discussions (d) Projects/ Assignments/ Quizzes/ Class participation (e) Market surveys

## 5. Evaluation:

The evaluation of participants will be on continuous basis comprising of the following Elements:

<b>A</b>	Continuous Evaluation Component comprising of project, lectures, assignments	(Internal Assessment- 50 Marks)
<b>B</b>	Mid-Semester examination	(Internal Assessment-30 Marks)
<b>C</b>	End –Semester Examination	(External Assessment-70 Marks)

## 6. Text / Reference Books:

<b>Sr. No.</b>	<b>Author</b>	<b>Name of the Book</b>	<b>Publisher</b>	<b>Year of Publication</b>
1	R.L. Varshney and K.L. Maheswari,	Managerial Economics	Sultan Chand and Sons	2014
2	D.M. Mithani	Managerial Economics: Theory and applications	Himalya Publishing House	2013/ Latest
3	Dr. S. Sankaran	Managerial Economics	Margham Publications	2013
4	M H Navalur & K K Dewett	Modern Economic Theory (Theory and Policy)	S. Chand Publishing	Latest
5	Mote V L, Paul. S & Gupta G S	Managerial Economics	Tata McGraw Hill	Latest
6	H. Craig Petersen & W. Cris lewis	Managerial Economics	Prentice-Hall	Latest
7	Dr. P.N. Reddy and Asha Ganesh	Essentials of Managerial Economics	Himalya Publishing House	2011/Latest

Wherever the standard books are not available for the topic appropriate print and online resources, journals and books published by different authors may be prescribed.

## 7. List of Journals/Periodicals/Magazines/Newspapers, etc.

### 1. Data quest, Digit

## 8. Session Plan: (45 sessions of 60 minutes)

<b>Session Nos.</b>	<b>Topics to be covered</b>
1-3	Meaning & Definition of Managerial Economics - Nature & Scope - Characteristics - Uses- Managerial Decision Making and Forward Planning
4-5	Basic economic tools used in managerial economics: Mathematical, Statistical etc. (Conceptual Study only)

6-10	Principles of Managerial Economics: Opportunity cost principle, marginal & incremental principle, equi marginal principle, Time Perspective Principle, Discounting Principle
11-13	Utility - Law of Diminishing Marginal Utility – Indifference curve - Law of Diminishing Marginal Rate of Substitution (LDMRS)
14-15	Consumers Equilibrium & Theory of Consumer Surplus
16-18	Demand - Demand function - Law of Demand - Elasticity of demand - measuring elasticity-uses & Factors affecting elasticity
19-20	Demand forecasting – need - steps in demand forecasting
21-22	Classification of costs - Short run cost-output relationship - Long run average and marginal cost curves - Use of Long run average cost curve - Traditional Approach & Modern Approach
23-25	Production Function - Linear homogeneous production function -Law of variable proportions -
26-27	Isoquant & Iso cost Lines – Properties - Marginal Rate of Technical Substitution - Economic Region of Production
28-30	Economies and Diseconomies of Scale - Laws of Return to scale – Optimal combination of resources, Producer’s equilibrium in perfect and imperfect markets
31-33	Characteristic features of Different Market Structures Perfect & Imperfect Markets
34-38	Price and Output Decisions Under Perfect competition - Monopolistic Competition - Monopoly - Oligopoly
39-41	Excess capacity under monopolistic competition - Pricing under discriminating monopoly -
42-45	Factors governing prices - Objectives of pricing policy - Role of cost & demand factor in pricing, Pricing methods (Conceptual Study only)