

**GITAM**  
**(Deemed to be University)**  
**MBA I TRIMESTER**

**Course Handouts:**

**Course Title: MANAGERIAL ECONOMICS**

**Course description and learning outcomes**

In today's competitive business environment, effective managerial decision making requires use of economic concepts and tools. Business efficiency depends on minimization of cost and maximization of production which requires perfect understanding of the economic concepts like demand, supply, production, cost and market conditions. Managerial economics uses economic concepts and principles by emphasizing on demand analysis, production & cost analysis and different market structures which are fundamental for further study. This course also introduces important macroeconomic concepts which are indispensable for understanding the functioning of an economy. Knowledge about those concepts is useful for timely business decisions.

**LEARNING OBJECTIVES**

- To understand the key economic concepts which are used for effective business decision making
- To understand and apply demand and supply analysis to business decisions.
- To impart the knowledge pertaining to cost fallacies to use in efficient production decision making
- To know the basics of market morphology and identify the different market structures and the need for government interference
- To understand basic macroeconomic concepts which are relevant to understand business economic environment.

**Learning Outcome**

On successful completion of this course, students will be able to

1	Apply Economic Concepts for Business Decision Making	Quiz/Presentation/ Situation Analysis
2	Understand on how to balance the market forces through price mechanism and government interference	Quiz/Written Component/Case Analysis
3	Know the techniques of production and cost management	Quiz/Written Component/Group Discussion
4	Get acquainted with the Different Markets and the Pricing Decisions.	Project/Quiz/Case Analysis
5	Illustrate how macro economics contributes to business growth and management	Quiz/Written Assignments/ Case Analysis/Presentation

### Unit I (6 sessions)

Managerial Economics – Nature, scope, importance and application of Managerial Economics concepts in business decision making.

#### Continuous Evaluation Techniques (CET):

End of the unit- Quiz – MCQs, & Fill in the blanks

Situation analysis – Opportunity cost – Reliance and Tata Indicom

Written component – Relationship between micro and macro economics by selecting a company within that industry.

### Unit II (6 sessions)

Demand and Supply Analysis: Determinants of demand, types of demand, Law of Demand, determinants of supply, law of supply, market equilibrium, price mechanism. Elasticity of demand, types of elasticity, methods to measure elasticity, demand forecasting, Methods (Qualitative and Quantitative) of demand forecasting.

#### CET:

Quiz – MCQs, Match the following, Assertion and Reasoning and Fill in the blanks

Mini Case Analysis: India's Exports Price Elasticities

Written component : Demand and its determinants of demand with examples

Situation Analysis : Discuss the demand equation and find out the type of elasticity.

### Unit III (6 sessions)

Production and Cost Analysis: Production function, Laws of Production - Short run - one variable production function, Long run – Iso-quants, Iso-cost line, producer's equilibrium, expansion path, Law of returns to scale. Cost - Cost concepts, Cost output relation - short run cost output relationship, long run cost output relationship, Economies of scale.

#### CET:

Quiz – Same as above

Group discussion on returns to scale

Written component – prepare various graph/chart of Iso quants curve

Situation analysis – Find out the Break even point and MOS.

**Mid Trimester Examination: 29<sup>th</sup> Aug'2019 to 31<sup>st</sup> Aug'2019.**

#### **Unit IV (6 sessions)**

Market Structure - Basis for classification of market power, kinds of competitive market, price and output decisions in perfect competition and imperfect market, Monopoly, Monopolistic, Oligopoly market. Market Failures – public goods, social goods, merit goods, administered prices (ceiling price and floor price) and Externalities – Positive and negative externalities.

#### **CET:**

Case Analysis – Does perfect competition exist?

Mini Research Project – Analyze the street food/fruit and vegetable vendors is similar to perfect competition like condition?

Written component: Differentiate the features of various types of market?

Quiz – Same as above

#### **Unit V (6 sessions)**

Macroeconomics- National Income-Concepts of national income, methods of calculating national income. Inflation- causes-demand pull and cost push inflation, measures to control inflation, business cycles -phases of business cycles and measures to control business cycles. Stabilization policies – Monetary Policy and Fiscal Policy.

#### **CET:**

Quiz : Same as above

Student Presentation : Estimating of National Income, Inflation

Written component: Monetary and Fiscal Policy.

Chalk and talk : GDP, GNP and NNP

Brainstorming- Topic : Business cycle

#### **Teaching and learning resources**

1. Geetika, P.Ghosh, P.R.Choudhury, Managerial Economics, McGraw Hill Education Private Limited, New Delhi, 2018.
2. Dominick Salvatore, Seventh Edition, Adapted Version, Oxford Publication New Delhi, 2014.
3. Dr.D.N.Dwivedi, Managerial Economics, Vikas Publishing House, New Delhi, 2015/Latest Edition.
4. Paul G. Keat, Phili K. Y. Young, Sreejata Banerjee, "Managerial Economics", Pearson, New Delhi, 2012/Latest Edition.
1. Economic and Political Weekly, Sameeksha Trust, Mumbai
2. GITAM Journal of Management, GITAM Institute of Management, GITAM University, Visakhapatnam
3. Indian Journal of Economics, Academic Foundation, New Delhi
4. E- Books and E-Journals