



PRESIDENCY COLLEGE

(AUTONOMOUS)

AFFILIATED TO BENGALURU CITY UNIVERSITY, APPROVED BY AICTE, DELHI & RECOGNISED BY THE GOVT. OF KARNATAKA

RE-ACCREDITED BY NAAC WITH 'A+' GRADE

MANAGERIAL ECONOMICS

Total Hours: 45

Hours/Week: 3

Max Marks: 100

Credits: 3

Course Description:

This course intends to expose the student to the basic principles in Microeconomic Theory. The course enables students to understand how optimum real-life decisions are taken by individuals and firms under situations of scarcity. The focus will be on conceptual clarity and enable students to understand how decisions are taken by firms under different market conditions.

Course Objectives:

1. Explain the law of demand, supply & factors determining them,
2. Discuss the factors of production and their respective cost structures,
3. Differentiate various competitions with respect to the revenue and cost curves,
4. Describe the basic composition of Industry and its functioning.
5. Explain the significance of policy measures in controlling the industry.

Learning Outcome:

1. State the law of demand, supply & factors that determine them.
2. Classify the factors of production and demonstrate its cost structures,
3. Demonstrate various competitions with revenue & cost curves.
4. Illustrate the functioning of the industry with inter-linkages between the various firms.
5. Relate the impact of policy measures on the industry and business decisions.



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Unit 1 : Origin of Economic Theory

Teaching Hours:10 Hours

The scope of economics- Induction and deduction-Positive and normative economics- scarcity and choice- the basic problems of an economy- economic systems. Concepts of wealth, welfare, scarcity, and growth.

Utility Analysis – Cardinal and Ordinal approaches – Law of Diminishing Marginal Utility – Law of Equi-marginal utility, indifference curve, properties of indifference curves – Price (Budget) line – Equilibrium of the Consumer with the help of indifference curves – Application of Indifference Curves – Theory of Revealed Preference – Revealed Preference axioms – Consumer surplus – Marshall and Hicks.

Unit 2: Law of Demand & Supply

Teaching Hours: 08 Hours

Concept of Demand- Law of Demand- Determinants of demand – Types of Demand – Demand Function – Elasticity of Demand – Price, Income and Cross elasticity of demand –Measures of Elasticity of Demand. Price, Income and Substitution effect. Demand Forecast Meaning- Factors influencing demand forecast. Concept of Supply – Law of Supply – Determinants of Supply – Supply Function – Elasticity of Supply – Market Supply Curve -Market Equilibrium

Unit 3: Revenue & Cost Concepts

Teaching Hours: 12 Hours

Concept of Revenue – Production Function – Scale of production- short run versus long run production function- Law of Variable Proportions – Law of Returns to Scale – the Iso-quant- Iso-cost Approach-producers equilibrium-expansion path- Internal and External Economies- Cobb-Douglas production function -Cost function and Cost concepts- Traditional theory of costs- Modern theory of costs.

Unit 4: Perfect Competition

Teaching Hours: 10 Hours

Price determinations: Perfect competition, Revenue & Cost curves. Long run & Short run Cost Curves. Conditions for Profit maximization & price determination under perfect competition.

Unit 5: Imperfect Competition

Teaching Hours: 12 Hours

Monopoly, Features & price discrimination. Monopolistic competition- Features of monopolistic competition-Oligopoly-Characteristics- Collusive versus non-collusive oligopoly- Kinked demand curve model – Cartel and price leadership.



Skill Development

1. Industry Contribution- Market share analysis of a firms in an industry.
2. Growth of firms and their contributions to the Indian Economy.

Recommended Books

- Karl E. Case, Ray C. Fair & Sharon E. Oster (2019), Principles of Microeconomics, Pearson Education, Twelfth edition.

Reference Books

- V.K. Puri & S.K. Mishra (2020), Indian Economy, Himalaya Publishing house, 38th Edition
- SriramSrirangam & Manish Kumar RohitDeoJha (2020), Indian Economy - Principles, Policies, and Progress, Pearson Education
- Gupta G. S (2017). - Macroeconomic theory- Tata McGraw Hill publications, 4th Edition.
- Robert S Pindyck and Daniel L Rubinfeld (2012): Microeconomics- 8th Edition, Pearson India.
- Dwivedi D N (2012) - Managerial Economics – Vikas publications, 8th Edition