

## MS4002D INDUSTRIAL ECONOMICS

Pre-requisites: Nil

Total Hours: 39

L	T	P	C
3	0	0	3

### Module 1: (9 hours)

General foundations of economics: forms of organizations, objectives of firms, opportunity principle, discounting, marginalism versus incrementalism, production possibility frontier, central problems of an economy- Two sector, Three sector and Four sector circular flow of income. Demand analysis- Individual, Market and Firm demand, Determinants of demand and supply, Shifts and changes in demand and supply, Market equilibrium, Shortages versus surpluses, Price ceiling, Price floor- Elasticity of demand and business decision making.

### Module 2: (15 hours)

Production functions in the short and long run-cost concepts- Short run and long run costs-economies and diseconomies of scale-economies and diseconomies of scope-Break even analysis- Vertical & horizontal integration-Product markets-Market structure-Competitive market-Imperfect competition (Monopoly, Monopolistic competition and Oligopoly) and barriers to entry-Pricing in different markets- Price discrimination-Dead weight loss-consumer's surplus – Pricing strategies- Game Theory-Prisoner's Dilemma-Maximin, Minimax, Saddle point, Nash Equilibrium.

### Module 3: (15 hours)

Macro-Economic Aggregates-Gross Domestic Product; Gross national product, net domestic product, Transfer payments, Depreciation, Economic Indicators; Models of measuring national income; Fiscal deficit, primary deficit, Inflation and deflation ; Fiscal and Monetary Policies; Monetary system; Indian stock market; Development Banks; NBFIs, role of Reserve Bank of India, Money Market, Capital market; NIFTY, SENSEX, Break even analysis, Margin of safety, Leverage, Depreciation, scrap value, salvage value, straight line method, declining balance method, double declining method, Taxes, Externalities, Financial ratios-Current ratio, Debt ratio, ROE, Quick ratio, net profit margin, debt to equity ratio.

### References:

1. R. S. Pindyck, D. L. Rubinfeld, and P. L. Mehta, *Microeconomics*, 9th ed. Pearson Education, 2018.
2. P. A. Samuelson and W. D. Nordhaus, *Economics*, 19 ed. Tata McGraw Hill, 2015.
3. G. N. Mankiw, *Principles of Micro Economics*, 7th ed. Cengage Publications, 2014.
4. S. B. Gupta, *Monetary Economics: Institutions, Theory & Policy*. S. Chand & Co., 2013.
5. K. E. Case, R. C. Fair, and S. Oster, *Principles of Economics*, 10th ed. Prentice Hall, 2011.

P.N.: Supplementary materials would be suggested / supplied for selected topics on financial markets Indian economy.