



**MG201 August-December 3:00**

## **Managerial Economics**

### **Instructor**

M H Bala Subrahmanya

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### **Teaching Assistant**

Email:

**Department: Management Studies**

Course Time: Tuesday & Thursday 10.00 a.m. to 11.30 a.m.

Lecture venue: Class Room I

Detailed Course Page:

## **Announcements**

### **Brief description of the course**

This course is open for those who would like to learn the basics of Economics, with a focus on consumers and firms. Accordingly, it covers demand, theory, production theory, cost theory, market structure, and input pricing. The emphasis is on theory learning and its applications in the context of empirical business world.

### **Prerequisites**

It is primarily meant for post-graduate management students.

### **Syllabus**

1. Introduction: Microeconomics & Macroeconomics – Definitions, Economic System, Circular Flow of Economic Activity and Nature of Firm, The Concept of Economic Profit, Profit in a Market System, Economics and Decision Making.
2. Demand Theory and Analysis: Demand, Law of Demand, Law of Diminishing Marginal Utility, Price, Income and Cross Elasticities of Demand.

3. Production Theory: Production function, Production with one variable input, production with two variable inputs, Economies of Scale and Scope.
4. Cost Theory: Economic concept of cost, Production and costs, Short-Run Cost Functions, Long Run cost functions, Profit contribution analysis.
5. Market Structure: Determinants and forms of market structure, perfect competition, monopoly, relevance of perfect competition and monopoly.
6. Market Structure: Monopolistic competition, Oligopoly and Barriers to Entry and Advertising
7. Strategic Behaviour and Pricing: Strategic Behaviour – Limit pricing, Price retaliation, and Capacity expansion.
8. Pricing of Goods and Services: Pricing of multiple products, price discrimination, product bundling, peak load pricing and cost-plus pricing.
9. Pricing and Employment of Inputs: Input Pricing and Employment, Economic Rent, Wage and Income Differentials, Labour Unions and Minimum Wage Laws.
10. Case Studies: Presentation of Case Studies (by students)

### **Course outcomes**

A fair understanding of micro behaviour of consumers and firms in different market structures.

### **Grading policy**

I Term Test: 10%

II Term Test: 20%

III Case Study development & presentation: 20% (during the third week of November)

IV End-term Examination: 50%

### **Assignments**

Assignments would vary from year to year. It would test the understanding and ability of students to apply the theories learned in the class to practical business problems.

### **Resources**

1. Peterson, H C and W C Lewis (2002): Managerial Economics, Prentice Hall of India Private Ltd., New Delhi
2. Salvatore, D (2012): Principles of Microeconomics, V Edition, International Version, Oxford University Press, New Delhi.
3. Mankiw, N Gregory (2012): Principles of Microeconomics, Cengage Learning, Delhi.