

# ALBERTIAN INSTITUTE OF MANAGEMENT

**St. Albert's College (Autonomous)**

**Ernakulam**

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Programme : **Master in Business Administration**  
Course : Managerial Economics  
Semester : I  
Session : June – November 2019  
Batch : 2019 - 2021  
Subject Code : PMB1CRT0319  
No. of credits :  
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**Managerial Economics**  
**Course Code: PMB1CRT0319**  
**Faculty: Dr. Geo Jos Fernandez / Dr. Jithin Benedict**

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### **Course Objectives**

This course is designed to introduce the concepts of microeconomics and to some extent the concepts of macroeconomics to students and enable them to appreciate these concept's application to the firm / Industry in the firm / Industry's quest for profit maximization through both revenue maximization and cost minimization.

1. To familiarize the participants concepts and techniques in Economics
2. To make the participants appreciate the applications of core concepts in economics for managerial decision making
3. To sensitize the participants how economic environment affects Organizations

### **Intended Student Learning Outcomes (Course Outcomes)**

After completion of the course Students will:

1. Conceptually explain how individuals in societies and Firms deal with the fundamental problem of scarce resources
2. Be able to analyze the effects, caused by the shifts in Supply and Demand Curves, to both price and output and consequently be able to analyze its impact on the profits of a firm
3. Be able to apply the tools of Demand such as Elasticity and Forecasting to understand how they impact the firm's profitability and strategic intent
4. Be able to analyze the cost/supply side of the firm from both Cost as well as Production perspectives and will be able to make cost minimization decisions with respect to production in a firm
5. Be able to comprehend the existence of different market structures and their consequences to profit maximization
6. Be able to articulate both implications of macroeconomic policies and its impact on the Business Environment

## **Program Outcome**

1. Students will demonstrate strong conceptual knowledge in the functional areas of Management and Entrepreneurship
2. Students will exhibit analytical and critical thinking skills in identifying, developing and evaluating alternate solutions, leading to effective decision making
3. Students will apply leadership and networking skills to explore opportunities and to resolve problems effectively
4. Students will be able to formulate innovative business propositions based on their ethical and moral principles
5. Students will be able to take managerial decisions by evaluating the current techno-economic-legal scenarios from an international perspective
6. Students will demonstrate effective oral and written communication skills while working in teams thereby exhibiting team building capabilities
7. Students will demonstrate employability and entrepreneurship traits to formulate strategies for societal needs

## **Evaluation Strategy**

The internal evaluation is based on internal assessment that includes but not limited to participant's attendance (5), active class participation (5), assignments (10), Internal seminars/role plays/presentations/Quiz (5), Corporate report (5) and continuous evaluation tests (10)

Students can also score internal marks by complying with the following re-requisites (pre-set marks are defined for each pre-requisite)

1. Publications in National & International Journals & Magazines/ Presenting papers in National & International seminars
2. Undertaking/Participating in professional surveys (based on certification)
3. Additional certifications in IELTS/NCFM/Advanced Excel/SAP Global Certification/IFRS/SCM/CRM
4. Membership in Professional bodies(only in one semester)
5. Prize winners in Management games
6. Internships in MNCs/TNCs

***The above criteria is subject to a maximum of 40 marks in internal assessment***

**Class Tests / Quiz:** Class Tests containing short theory questions to ascertain that whether the students could understand the basic concepts or not. (60 - 90 Minutes)

**Syndicate Sessions & Assignments:** Syndicates will be held dividing the class into number of batches for conducting case studies/Presentations etc. Cooperation among the students is encouraged and the students must try the home work/assignments individually. And the individual effort is necessary for an effective problem solving strategy, which is essential to good exam performance and to successful professional practice later on. Solutions must be neat and well written. (Marks will be deducted for messy assignments/tests/exam. (Unreadable work will not be graded). Late assignments will not be accepted (mark of zero), the copied assignments will also be marked as zero. The selected topics from the Units/ Chapters from the text books and the other reference books will be given for assignments.

### **E-Mail and Online Classroom (LMS)**

Each student in the class should have an official e-mail id (name@stu.alberts.edu.in) and a password to access the LMS system regularly. Regularly, important information – Date of conducting class tests, guest lectures, syndicate sessions etc. to the class will be transmitted *via* e-mail/LMS. Half of the assignments will be only accepted through LMS and one online class test will also be conducted through LMS.

### **Pedagogy**

Interactive approach during the study. Students shall be advised in advance to prepare the topics for discussion in the class), Work in small groups and personalized teaching (Student counseling, tutoring, and individual projects/ assignments, exercises, Games)

- Presentations (Individual/Group)
- Case Study/Group Management Games
- Group Discussion
- Industry Expert Led Lectures
- Quiz/Class test

## **Syllabus**

### **Module 1 Introduction to Managerial Economics**

Micro & Macro Economics, Managerial Economics – Definition – Nature & Scope, Fundamental concepts in Managerial economics for decision making: Incremental Principle, Opportunity Cost, Discounting Principle, Time Concept, Equi-Marginal Principle – Illustrations, Decision Making – Process and Conditions – Difference between Risk & Uncertainty.

### **Module 2 Demand Analysis and Forecasting**

Meaning of Demand – Types of Demand – Law of Demand & its Exceptions, Elasticity of Demand – Price Elasticity, Income Elasticity, Cross Elasticity, Promotion Elasticity, Applications of the concepts of Elasticity, Demand Forecasting – Process – Statistical & Non-Statistical Techniques, Utility Analysis & Consumer Behaviour – Equilibrium of the consumer using Cardinal & Ordinal Utility (Indifference Curve) Theories.

### **Module 3 Supply & Production**

Theory of Production – Meaning of Production function, Production function with one variable input – Law of Variable Proportions – Returns to Scale, Production function with two variable inputs – Iso-quants – Producers' Equilibrium, Economies of Scale – Types – Economies of Scope, Theory of Costs – Classification of Costs - Short Run & Long Run Cost Curves, Revenue Curves.

### **Module 4 Market Structure**

Market – Meaning & Elements, Classification of Markets – Markets based on Competition, Theory of Firm – Profit Maximization Rules, Price & Output Determination under Perfect Competition, Price & Output Determination under Monopoly – Monopoly Price Discrimination, Price & Output Determination under Monopolistic Competition, Price & Output Determination under Oligopoly – Kinked Demand curve model only.

### **Module 5 Macro Economic Concepts**

National Income Concepts – Measurement of National Income, An overview of Financial System in India, An overview of Fiscal & Monetary Policies in India, Balance of Payments: Causes of Disequilibrium & Remedies, Inflation in India – Causes & Remedies. Free Market Economy & Need for Government Intervention – An appraisal of Economic Reforms in India

**Text book**

1. P.L. Mehta, Managerial Economics Analysis, Problems and Cases – Sultan Chand & Sons (ISBN 81-7014386-1)

**References**

1. Dwivedi D.N, Managerial Economics, Vikas Publications (ISBN 8125910042)
2. K.K. Dewett, Modern Economic Theory: Micro & Macro Analysis – Orient Book Distributors, New Delhi.
3. V.L. Mote, Managerial Economics – Tata McGraw Hill, New Delhi
4. Gaurav Dutt & Aswani Mahajan, Dutt & Sundaram's Indian Economy – Sultan Chand & Sons

**Course Reference Support**

**Journals and Magazines**

1. Economist
2. Business Week
3. Economic and Political Weekly
4. Journal of Microeconomics
5. ICFAI Journal of Applied Economics
6. Business Week
7. Global Business and Economics Review
8. ICFAI Journal of Monetary Economics
9. ICFAI Journal of Public Finance

**EBSCO Journals**

1. Business Economics
2. Quarterly Journal of Business and Economics
3. Journal of Applied Economics
4. Journal of Economics and Business
5. Journal of Economics
6. Journal of Macroeconomics
7. Economist
8. New York Times
9. Foreign Affairs
10. Foreign Policy
11. NBER/Macroeconomics Annual
12. Brookings Papers on Economic Activity
13. OECD Papers

### Websites

1. [www.slate.com](http://www.slate.com)
2. [www.freaknomics.com](http://www.freaknomics.com)
3. [econlog.econlib.org](http://econlog.econlib.org)
4. [divisionoflabour.com](http://divisionoflabour.com)
5. [www.econbrowser.com](http://www.econbrowser.com)
6. [Marginalrevolutions.blogs.com/marginalrevolution](http://Marginalrevolutions.blogs.com/marginalrevolution)
7. [Marketsandorganizations.com](http://Marketsandorganizations.com)
8. [www.knowledgeproblem.blogspot.com](http://www.knowledgeproblem.blogspot.com)
9. [www.marginalrevolution.com](http://www.marginalrevolution.com)
10. [www.becker-posner-blog.com](http://www.becker-posner-blog.com)
11. [www.gregmankiw.blogspot.com](http://www.gregmankiw.blogspot.com)
12. [www.roubiniglobal.com](http://www.roubiniglobal.com)
13. [www.internationaleconomics.net](http://www.internationaleconomics.net)
14. [www.worldbank.org](http://www.worldbank.org)
15. [www.imf.org](http://www.imf.org)
16. [www.iie.com](http://www.iie.com)
17. [www.iif.org](http://www.iif.org)
18. [web.mit.edu/krugman/www/](http://web.mit.edu/krugman/www/)
19. [www.internationalecon.com](http://www.internationalecon.com)

### Instructions

- a) Students are expected to read the concerned session's topics in advance before coming to the class
- b) In the case study session all students are expected to prepare their analysis and participate in the case discussions
- c) All schedules/announcements must be strictly adhered to
- d) The complete syllabus would be covered for Viva-voce and one must be thoroughly prepared to appear for the viva and strictly appear on given time, otherwise, he/she will lose the marks.
- e) Late entry of Students to class beyond 5 minutes of appointed time is not allowed

### Lesson Plan

Module	Session No	Covered Topics
Module 1 Introduction to Managerial Economics	1	Micro & Macro Economics
	2	Micro & Macro Economics
	3	Managerial Economics – Definition – Nature & Scope
	4	Managerial Economics – Definition – Nature & Scope
	5	Fundamental concepts in Managerial economics for decision making
	6	Fundamental concepts in Managerial economics for decision making: Incremental Principle
	7	Fundamental concepts in Managerial economics for decision making: Opportunity Cost
	8	Fundamental concepts in Managerial economics for decision making: Discounting Principle
	19	Fundamental concepts in Managerial economics for decision making: Time Concept
	10	Fundamental concepts in Managerial economics for decision making: Equi-Marginal Principle – Illustrations
	11	Decision Making – Process and Conditions
	12	Difference between Risk & Uncertainty.
		13
<b>Module 2 Demand</b>	14	Meaning of Demand & Types of Demand
	15	Law of Demand & its Exceptions
	16	Law of Demand & its Exceptions

<b>Analysis and Forecasting</b>	17	Elasticity of Demand – Price Elasticity, Income Elasticity, Cross Elasticity, Promotion Elasticity, Applications of the concepts of Elasticity
	18	Elasticity of Demand – Price Elasticity, Income Elasticity, Cross Elasticity, Promotion Elasticity, Applications of the concepts of Elasticity
	19	Elasticity of Demand – Price Elasticity, Income Elasticity, Cross Elasticity, Promotion Elasticity, Applications of the concepts of Elasticity
	20	Demand Forecasting – Process – Statistical & Non-Statistical Techniques
	21	Demand Forecasting – Process – Statistical & Non-Statistical Techniques
	22	Demand Forecasting – Process – Statistical & Non-Statistical Techniques
	23	Utility Analysis & Consumer Behaviour
	24	Utility Analysis & Consumer Behaviour – Equilibrium of the consumer using Cardinal & Ordinal Utility (Indifference Curve) Theories.
	25	Utility Analysis & Consumer Behaviour – Equilibrium of the consumer using Cardinal & Ordinal Utility (Indifference Curve) Theories.
		26
<b>Module 3 Supply &amp; Production</b>	27	Theory of Production
	28	Theory of Production – Meaning of Production function
	29	Theory of Production – Production function with one variable input
	30	Theory of Production – Production function with one variable input – Law of Variable Proportions
	31	Theory of Production – Production function with one variable input – Returns to Scale
	32	Theory of Production – Production function with two variable inputs
	33	Theory of Production – Production function with two variable inputs – Iso-quants
	34	Producers' Equilibrium
	35	Economies of Scale – Types – Economies of Scope
	36	Theory of Costs – Classification of Costs - Short Run & Long Run Cost Curves, Revenue Curves.
37	Theory of Costs – Classification of Costs - Short Run & Long Run Cost Curves, Revenue Curves.	
38	Theory of Costs – Classification of Costs - Short Run & Long Run Cost Curves, Revenue Curves.	
	39	Class Test
<b>Module 4 Market Structure</b>	40	Market – Meaning & Elements
	41	Classification of Markets – Markets based on Competition
	42	Theory of Firm – Profit Maximization Rules
	43	Price & Output Determination under Perfect Competition
	44	Price & Output Determination under Perfect Competition
	45	Price & Output Determination under Monopoly

	46	Price & Output Determination under Monopoly
	47	Price & Output Determination under Monopoly – Monopoly Price Discrimination
	48	Price & Output Determination under Monopoly – Monopoly Price Discrimination
	49	Price & Output Determination under Monopolistic Competition
	50	Price & Output Determination under Monopolistic Competition
	51	Price & Output Determination under Oligopoly – Kinked Demand curve model only.
	52	Price & Output Determination under Oligopoly – Kinked Demand curve model only.
<b>Module 5 Macro Economic Concepts</b>	53	National Income Concepts – Measurement of National Income
	54	An overview of Financial System in India
	55	An overview of Fiscal & Monetary Policies in India
	56	An overview of Fiscal & Monetary Policies in India
	57	Balance of Payments: Causes of Disequilibrium & Remedies
	58	Balance of Payments: Causes of Disequilibrium & Remedies
	59	Inflation in India – Causes & Remedies
	60	Inflation in India – Causes & Remedies
	61	Free Market Economy & Need for Government Intervention – An appraisal of Economic Reforms in India
	62	Free Market Economy & Need for Government Intervention – An appraisal of Economic Reforms in India