

Veer Narmad South Gujarat University
Bachelor of Business Administration
Year – I (Semester – II) (W.E.F. AY2019-20)

Subject Name: Economics for Managers (Including Macro)

Subject Code: 204

Objective of the course:

- To give a complete and rigorous introduction to basic principles of managerial economics and macroeconomics
- To demonstrate how applications of economic theory can improve decision making.

Teaching Pedagogy

Lectures, Practical examples from corporate & business world, Assignments & Presentations

Course Content:

Unit 1 Introduction to Managerial Economics (20%)

- Introduction – What Managerial Economics is about
- Definitions of Managerial Economics
- Nature & Scope of Managerial Economic
- Chief Characteristics of Managerial Economic
- Significance of Managerial Economic
- Fundamental concepts in Managerial Economics (Opportunity Cost, Discounting and Equi-Marginal)
- Role & Responsibilities of a Managerial Economist in Business

Unit 2: Market Structure Analysis–1 (20%)

Perfectly Competitive Market

Price Determination under Perfect Competition

- Features of a Perfectly competitive market
- Demand curve facing the Firm & Industry under Perfect competition
- Equilibrium of the Firm & Industry under Perfect competition in Short-run & Long run

Monopoly

- Price Determination under Monopoly
- Features & causes of Monopoly
- Nature of Demand curve & Marginal revenue curve under Monopoly
- Price & output under Monopoly in Short-run & Long-run

Price Discrimination

- Meaning of Price discrimination
- Forms of Price discrimination
- Degrees of Price discrimination
- Conditions under which Price discrimination is possible & profitable

Unit 3: Market Structure Analysis–2 (25%)

Price Determination under Monopolistic Competition

- Features of Monopolistic competition
- Nature of Demand curve (AR) & Marginal Revenue(MR)curves
- Concept of Group Equilibrium
- Price & Output determination in short-run & Long Run under Monopolistic Competition

Sellingcost

- Meaning, Difference between Selling Costs & Production Costs, Effects of Selling Costs on Demand Curve

Oligopoly

- Features, Kinked Demand Curve, Price Leadership (Types, Characteristics, Advantages)

Unit 4: Production Analysis (15%)

Production Function

- Meaning & classification of Factors of Production
- Meaning & significance of Production Function in Business
- Linear Homogeneous Production function
- Short-run & Long-run Production function
- Cobb-Douglas Production function

Theory of Production

- Concept of Total Product, Average Product and Marginal Product
- Law of Variable Proportions
- Economies & Diseconomies of scale
- Returns to Scale

Production Function with Two Variable Inputs

- Meaning & General Properties of Iso-Quants
- Marginal Rate of Technical Substitution(MRTS)

Optimum Factor Combination

- Concept of Iso-Cost Lines
- Least Cost Combination of Factors (Choice of Inputs)
- The Economic Region of Production (Ridge Lines)
- Expansion Path

Unit 5: Inflation

(20%)

- Meaning of inflation
- Causes of inflation
- Types of inflation (Demand pull and Cost push inflation)
- Stagflation – concept of inflationary gap by Keynes - effects of inflation
- Anti -Inflationary Measures
- Philips curve Analysis and concept of Natural rate of unemployment
- Deflation: Causes, Remedies and Solution

Suggested Readings:

- 1) *Managerial Economics – Analysis, Problems and Cases* – P. L. Mehta, SultanChand
- 2) *Managerial Economics in a Global Economy* – Dominick Salvatore, Thomson South-Western
- 3) *Managerial Economics: Application, Strategy & Tactics* – Moyers, Harris
- 4) *Managerial Economics* – D M Mithani, Himalaya PublishingHouse
- 5) *Essentials of Managerial Economics* – P. N. Reddy, Himalaya PublishingHouse
- 6) *Managerial Economics* – G S Gupta, TataMcGraw-Hill
- 7) *Modern Microeconomics: Theory & Application* – H L Ahuja, SultanChand
- 8) *Advanced Economic Theory: Microeconomic Analysis* – H L Ahuja, SultanChand
- 9) *Principles of Microeconomics*-H L Ahuja, SultanChand
- 10) *Business Economics* – H. L. Ahuja, SultanChand
- 11) *Advanced Microeconomic Theory* – M J Kennedy, Himalaya Publishing House
- 12) *Economics* – Paul Samuelson, William Nordhaus, TataMcGraw-Hill