



# **MANAGERIAL ECONOMICS**

## **23MBPC512**

**(COURSE HANDBOOK)**

**MBA**

**COURSE HEAD:**

Asso. Prof. Shreekant G Naik  
Asso. Prof. Amith Donald Menezes

# 1. GENERAL INFORMATION

Welcome to Managerial Economics!

This course serves as a fundamentals, tools and theories of Managerial Economics that are essential for aspiring managers in today's dynamic business environment. Throughout this course, you will engage with various managerial economics theories, practical applications of Economics in Business, and micro & macroeconomics concepts crucial for effective organizational decision-making.

The curriculum is structured into five comprehensive modules, each designed to build upon the last. You will begin with an introduction to managerial economics, followed by an in-depth examination of the core concepts of economics: demand analysis, the law of demand & supply, and demand forecasting. The subsequent modules will delve into cost analysis, production analysis, Market Structure and Pricing Practices, and Macroeconomic measures. Each topic is accompanied by practical activities to enhance your understanding and application of these concepts in real-world scenarios.

As you progress through the course, you will be encouraged to actively participate in discussions and collaborative projects, which will not only deepen your comprehension but also foster problem-solving skills, and decision-making skills. We emphasize a hands-on approach to learning; therefore, you will be expected to undertake skill development activities and introspective assignments that align with the course content.

We hope that this course will not only equip you with theoretical knowledge but also inspire you to apply these insights practically in your future careers. Please ensure you familiarize yourself with this handbook as it contains vital information regarding assessments, learning outcomes, and resources that will support your academic journey. We look forward to an engaging and productive semester together!

## 1.1.Course Objectives

- **Impart Theories and Models:** Impart the fundamentals, tools and theories of Managerial Economics
- **Familiarize** the application of Economics in Business: Familiarize students with the various applications of Economics in Business including managing the firm, and analysing market structures.
- **Impart** the knowledge of the basic Micro and Macro-economic concepts: Impart knowledge of the basic Micro and Macro-economic concepts including Demand, Production, Cost, Profit and Market competition in firm and industry
- **Familiarize** the concepts of pricing in different market structures, GDP, National Income, and Inflation

## 1.2.Course Outcomes

1. Summarize the concepts of economic principles in Management decision-making.
2. Apply the concept of demand analysis to decision-making.
3. Apply the concept of breakeven analysis for business decisions
4. Identify the macroeconomic factors around the world for better decision making.
5. Analyse the policy measures by the Government and assess the impact on business

### 1.3.Set Text and Suggested Sources

All the below mentioned books are available in the 1st Floor Library.

#### Key Text Books:

1. Dominick Salvatore & Siddhartha Rastogi, “Managerial Economics”, 9th Edition, Oxford Publishers, 2022
2. R Pannerselvem, P. Sivasankaran, & P. Senthilkumar, “Managerial Economics”, 1st Edition, Cengage, 2018

#### Reference books:

1. D. M. Mithani “Managerial Economics Theory and Applications”, 2<sup>nd</sup> Edition, HPH, 2016
2. William Samuelson, Stephen Marks and Jay Zagorsky, “Managerial Economics” 9<sup>th</sup> Edition, Wiley, 2021
3. Maheshwari K.L & Varshney R.L, “Managerial Economics”, 1<sup>st</sup> Edition, Sultan Chand & Sons, 2014

## 2. THE COURSE

### 2.1.Course Description

Managerial Economics			
Semester	I	CIE Marks	50
Course Code	23MBPC512	SEE Marks	50
Teaching Hours/Week (L:T:P)	4:0:0	Exam Hrs	03
Total Hours	52	Credits	04

The Managerial Economics course is designed to provide students with foundational knowledge in micro and macroeconomics which helps in decision making. The course will run for 13 weeks during Semester 1 and consists of 5 modules that cover essential topics in micro and macroeconomics. Each week includes 4 lectures, delivered by Dr Amith Donald Menezes/ Dr Shreekant G Naik, focusing on theoretical concepts, practical applications, and course-related activities. Spanning a total of 52 hours, this 4-credit course is assessed through Continuous Internal Evaluation (CIE) for 50 marks and a Semester-End Examination (SEE) for 50 marks, with 3-hour exam duration. This structure ensures a balanced and engaging learning experience for students.

### 2.2.Initiating Contact with Staff and Other Students

Students are encouraged to use class hours for inquiries and are welcome to visit the faculty office for additional support. Given the large class size, emailing is also an effective communication option.

### 2.3.Resources

Resources go beyond just books—they include dynamic tools like digital libraries, e-learning platforms, and research databases. These modern learning environments offer anytime, anywhere access to academic materials, interactive courses, and cutting-edge research, empowering students to explore knowledge and excel in their fields.

Students can access a variety of resources through the college website. These include the VTU Consortium, e-learning platforms, and additional sources like open-access repositories, and government portals (e.g., NPTEL, NDLI). These digital tools provide access to e-books, research papers, video lectures, and interactive tutorials, offering flexible and comprehensive learning environments.

E-learning and digital library can be accessed via the college website <https://mite.ac.in/> (Campus Life section > Library > VTU Consortium/e-learning platforms/additional sources).

### 2.4.Staff

Course Convenor: Dr Amith Donald Menezes/ Dr Shreekanth G Naik

Cabin: 3<sup>rd</sup> floor, PG Block

Email: [amith@mite.ac.in](mailto:amith@mite.ac.in), [shreekanth@mite.ac.in](mailto:shreekanth@mite.ac.in)

### 2.5.Topics and Reading materials for each module

<b><u>Module 1</u></b>	<i>No. of Hours: 11</i>
<ul style="list-style-type: none"><li>- <b>Topic: Introduction</b><ul style="list-style-type: none"><li>o Includes meaning, nature, scope and significance, use of Managerial Economics, role and responsibilities of managerial economist. Theory of the firm: Firm and industry, objectives of the firm, alternate objectives of the firm. Managerial theories: Baumol's model, Marris's growth maximisation model, and Williamson's model of managerial discretion.</li></ul></li><li>- <b>Essential Readings:</b></li><li>- Dominick Salvatore &amp; Siddhartha Rastogi, "Managerial Economics", 9th Edition, Oxford Publishers, 2022 Chapters 1 &amp; 2</li><li>- <b>Additional Reading:</b></li><li>- R Pannerselvem, P. Sivasankaran, &amp; P. Senthilkumar, "Managerial Economics", 1st Edition, Cengage, 2018, Chapters 1, 2 &amp; 3</li></ul>	
<b><u>Module 2</u></b>	<i>No. of Hours: 11</i>
<ul style="list-style-type: none"><li>- <b>Topic: Demand Analysis</b><ul style="list-style-type: none"><li>o Law of demand, exceptions to the law of demand, the elasticity of demand, price classification, income, cross elasticity, and promotional elasticity of demand. Uses of elasticity of demand for managerial decision making, measurement of elasticity of demand.</li><li>o Law of supply, elasticity of supply. Demand forecasting: Meaning &amp; significance.</li><li>o Methods of demand forecasting. (Problems on the Price elasticity of demand, and demand forecasting using the Time-series method).</li></ul></li></ul>	

- **Activities:**
  - Students will actively participate in Model-making exercises on economics topics which include demand-supply, market structures, Inflation, GDP, Production analysis etc. This activity encourages collaboration, showcases team dynamics, and provides practical insights into Managerial Economics, making learning both engaging and impactful.
- **Essential Reading:**
- Dominick Salvatore & Siddhartha Rastogi, “Managerial Economics”, 9th Edition, Oxford Publishers, 2022 Chapters 3, 4, & 5
- **Additional Reading:**  
R Pannerselvem, P. Sivasankaran, & P. Senthilkumar, “Managerial Economics”, 1st Edition, Cengage, 2018, Chapters 4 & 5

### **Module 3**

*No. of Hours: 10*

#### **Topic: Cost Analysis & Production Analysis**

- Concepts of production, production function with one variable input - law of variable proportion, laws of returns to scale, indifference curves, ISO-Quants & ISO- Cost line, economies of scale, diseconomies of scale. Types of cost, cost curves, cost output relationship in the short run and the long run, long-run average cost (LAC) curve.
- Break-Even Analysis: Meaning, assumptions, determination of BEA, limitations, margin of safety, uses of BEA in managerial decisions (Theory and simple Problems)
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- **Essential Reading:**  
Dominick Salvatore & Siddhartha Rastogi, “Managerial Economics”, 9th Edition, Oxford Publishers, 2022 Chapters 6 & 7
- **Additional Reading:**  
R Pannerselvem, P. Sivasankaran, & P. Senthilkumar, “Managerial Economics”, 1st Edition, Cengage, 2018, Chapter 9

### **Module 4**

*No. of Hours: 09*

- **Topic: Market Structure and Pricing Practices**
  - Perfect competition: Features, Determination of price under perfect competition.
- Monopolistic competition: Features, pricing under monopolistic competition, product differentiation.
- Oligopoly: Features, kinked demand curve, Cartels, price leadership.
- Monopoly: Features, pricing under monopoly, price discrimination.
  - Descriptive pricing approaches: Loss leader pricing, peak load pricing, transfer pricing.
- **Activities:**
  - Presentations by student teams on different market structures with suitable companies as examples. Students will collect detailed information about a specific company, its market structure and its characteristics. Companies will be selected

from FMCG, Automobile, Healthcare, IT etc. This activity, helps students to understand how companies behave in different market structures and compete with market players.

- **Essential Reading:**

- Dominick Salvatore & Siddhartha Rastogi, “Managerial Economics”, 9th Edition, Oxford Publishers, 2022 Chapters 8, 9, & 11

- **Additional Reading:**

R Pannerselvem, P. Sivasankaran, & P. Senthilkumar, “Managerial Economics”, 1st Edition, Cengage, 2018, Chapter 6, 7 & 8

**Module 5**

*No. of Hours: 11*

- **Topic: Macroeconomic measures**

- National Income (GDP, GNP, NDP, NNP) components of GDP (C, I, G, NX), per capita income, real v/s nominal GDP, GDP growth rate.
- Exchange rate: Meaning, appreciation and depreciation, factors affecting exchange rate, Fixed v/s Floating rate, Impact on trade and competitiveness,
- Inflation: Meaning, types of inflation, categories of inflation, measuring, controlling, Philips curve deflation, slow down, recession, global recession, world as one market, sub-prime crisis, default risk, Flight of capital, Contagion risk.

- **Essential Reading:**

- R Pannerselvem, P. Sivasankaran, & P. Senthilkumar, “Managerial Economics”, 1st Edition, Cengage, 2018, Chapter 15, 16, 17, 18 & 20

- **Additional Reading:**

- D. M. Mithani “Managerial Economics Theory and Applications”, 2<sup>nd</sup> Edition, HPH, 2016, Chapter 27, 28, 29 & 30
- Student’s team will analyse YouTube videos of renowned economist Dr K. V. Subramanian, Executive Director, IMF, [arth varta](#) . Students will learn application of economics in current geo-political environment and their impact on Indian Economy.

### 3. ASSESSMENT

The assessment for the Principles of Management and Organisational Behaviour module is divided into two components: Continuous Internal Evaluation (CIE) and Semester End Examination (SEE), each accounting for 50% of the total marks.

**Continuous Internal Evaluation (CIE)** comprises two internal tests, scheduled for the 8<sup>th</sup> and 14<sup>th</sup> week, which together contribute 30% of the total marks. Additionally, students can earn 20% through the completion of assignments (10 marks are allotted for Model-making exercise on economics topics, and another 10 marks are allotted for Students’ presentations on different companies and industries).

**Semester End Examination (SEE)** constitutes the remaining 50% of the total marks. Key information regarding examination dates and related details can be accessed via the college website (Academics and Courses section > Calendar of Events > PG Odd Sem).

### **Rubrics for Other Assessment (Total: 20 Marks / 40% of CIE)**

<b>1. Model-making exercise on economics topics (10 Marks)</b>					
<b>Criteria</b>	<b>10-9 Marks (Excellent)</b>	<b>8-7 Marks (Proficient)</b>	<b>6-5Marks (Adequate)</b>	<b>4-3 Marks (Basic)</b>	<b>2-1Mark (Unsatisfactory)</b>
<b>Creativity and Delivery</b>	Highly creative, impactful delivery	Creative, minor delivery gaps	Basic delivery, limited creativity	Minimal effort	No meaningful participation
<b>Subject Understanding</b>	Deep understanding, well-integrated	Good understanding	Basic understanding	Weak understanding	No effort to understand

<b>2. Students' presentations on different companies and industries (10 Marks)</b>					
<b>Criteria</b>	<b>10-9 Marks (Excellent)</b>	<b>8-7 Marks (Proficient)</b>	<b>6-5Marks (Adequate)</b>	<b>4-3 Marks (Basic)</b>	<b>2-1Mark (Unsatisfactory)</b>
<b>Leadership and Initiative</b>	Strong leadership, active in all stages	Good initiative, involved in most stages	Moderate leadership and contribution	Minimal involvement and contribution	No leadership and initiative
<b>Collaboration and Teamwork</b>	Excellent collaboration, highly cooperative	Good Collaboration and teamwork	Average collaboration and teamwork	Limited collaboration and teamwork	No teamwork and collaboration