

MANAGERIAL ECONOMICS
26MBPC502

(COURSE HANDBOOK)

MBA

COURSE FACULTY:

DR. AMITH DONALD MENEZES

MS. SUCHITHRA

1. GENERAL INFORMATION

Welcome to Managerial Economics!

This course provides the fundamental concepts, tools and theories of Managerial Economics that are essential for aspiring managers in today's changing business environment. Throughout this course, you will explore various managerial economics theories, practical applications of Economics in Business, and micro & macroeconomics concepts that are important for effective organizational decision-making.

The curriculum is divided into five comprehensive modules, with each module building on the concepts covered earlier. You will begin with an introduction to managerial economics, followed by an examination of key economic concepts such as demand analysis, the law of demand & supply, and demand forecasting. The later modules focus on cost analysis, production analysis, Market Structure and Pricing Practices, and Macroeconomic measures. Each topic includes practical activities to strengthen your understanding and help you apply these concepts to real-world business situations.

As you progress through the course, you will be encouraged to take an active part in discussions and collaborative projects, which will help deepen your understanding while developing problem-solving and decision-making skills. The course follows a practical approach to learning; therefore, you will be expected to complete skill development activities and reflective assignments that are closely connected with the course content.

Please make sure you familiarize yourself with this handbook, as it provides important information about assessments, learning outcomes, and resources that will support your academic journey. We hope that this course will not only provide you with theoretical knowledge but also encourage you to apply these ideas practically in your future careers.

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, supply, Production, Cost, Profit and Market competition in firm and industry
- Familiarize the concepts of pricing in different market structures, GDP, National Income, Inflation, Business economic cycles and Economic policies of the government.

1.2. Course Outcomes

CO1. Summarize the concepts of economic principles and their application in business.

CO2. Apply the concept of supply and demand analysis to decision-making.

CO3. Apply the concepts of production functions, cost behaviour, and break-even analysis in business situations.

CO4. Identify pricing strategies and market characteristics relevant to managerial decision-making.

CO5. Apply macroeconomic indicators to evaluate the business environment and economic conditions.

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", 10th Edition, Oxford Publishers, 2025
2. D. M. Mithani "Managerial Economics Theory and Applications", 10th Edition, HPH, 2025
3. R Pannerselvem, P. Sivasankaran, & P. Senthilkumar, "Managerial Economics", 1st Edition, Cengage, 2018, Chapters 4 & 5

Reference books:

1. Geethika, Ghosh & Choudhury, "Managerial Economics", 3rd Edition, McGraw-Hill, 2017
2. William Samuelson, Stephen Marks and Jay Zagorsky, "Managerial Economics" 10th Edition, Wiley, 2024
3. Maheshwari K.L & Varshney R.L, "Managerial Economics", 1st Edition, Sultan Chand & Sons, 2014

2. THE COURSE

2.1. Course Description

Managerial Economics			
Semester	**I**	CIE Marks	**50**
Course Code	**26MBPC502**	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 and Ms. Suchithra assigned based on the section (A or B) of the course. These lectures focus 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 Convenors: Dr Amith Donald Menezes/ Ms. Suchithra
Cabin: 3rd floor, PG Block
Email: amith@mite.ac.in/ Suchithra@mite.ac.in

2.5. Topics and Reading materials for each module

Module 1 *No. of Hours: 11*

- **Topic: Introduction**
  - 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.

- **Essential Readings:**
- Dominick Salvatore & Siddhartha Rastogi, "Managerial Economics", 10th Edition, Oxford Publishers, 2025 Chapters 1 & 2

- **Additional Reading:**
  R Pannerselvem, P. Sivasankaran, & P. Senthilkumar, "Managerial Economics", 1st Edition, Cengage, 2018, Chapters 1, 2 & 3

Module 2 *No. of Hours: 11*

- **Topic: Demand Analysis**
  - 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.
  - Law of supply, elasticity of supply. Demand forecasting: Meaning & significance.
  - Methods of demand forecasting. (Problems on the Price elasticity of demand, and demand forecasting using the Time-series method).

- **Activities:**
  - Students will actively take part in model-making activities based on various economics topics, including demand and supply, market structures, inflation, GDP, production analysis, and related areas. These activities promote teamwork and collaboration while helping students understand team dynamics and gain practical insights into Managerial Economics, making the learning experience more engaging and meaningful.

- **Essential Reading:**
  Dominick Salvatore & Siddhartha Rastogi, "Managerial Economics", 10th Edition, Oxford Publishers, 2025 Chapter 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 Problems)

- **Essential Reading:**
  Dominick Salvatore & Siddhartha Rastogi, "Managerial Economics", 10th Edition, Oxford Publishers, 2025 Chapters 6 & 7

- **Additional Reading:**
  R Pannerselvem, P. Sivasankaran, & P. Senthilkumar, "Managerial Economics", 1st Edition, Cengage, 2018, Chapter 9

- **Activities: (Self Learning)**
  AI-Assisted Demand Forecasting and Data Visualization to be done by students.
  Case: A local FMCG company sells packaged fruit juice, the company wants to estimate demand for the next three months to plan production and inventory. The students will be given 12 months of historical sales data factors such as price, advertising expenditure, festival season, and rainfall/temperature. They need to analyse the sales data, prepare forecast, compare AI and manual results, and create visualizations

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, Digital pricing, Dynamic 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", 10th Edition, Oxford Publishers, 2025 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.
  - Exchange rate: factors affecting exchange rate, Impact on exports and imports, Flight of capital, Contagion risk.
  - Inflation: Meaning, types of inflation, categories of inflation, measuring, controlling, Philips curve deflation.
  - Business Cycle: Expansion, Peak, Recession, Recovery.
  - Government Economic policies: Fiscal policy, Monetary policy and Industrial policy

- **Essential Reading:**
  - R Pannerselvem, P. Sivasankaran, & P. Senthilkumar, "Managerial Economics", 1st Edition, Cengage, 2018, Chapter 15, 16, 17, 18 & 20

- **Activities: (Self Learning)**
  - 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 Managerial Economics 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 8th and 14th 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)

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

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