

GUJARAT TECHNOLOGICAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

Year – I (Semester – I) (W.E.F. 2017-18)

Subject Name: ECONOMICS FOR MANAGERS (EFM)

Subject Code: 3519202

Subject Credits: 3

Total Marks: 150

1. Course Objective:

- To impart knowledge, with respect to concepts, principles and practical applications of Economics, which govern the functioning of a firm/organization under different market conditions.
- To enhance the understanding capabilities of students about micro and macro-economic principles and decision making by business and government.
- To apply economic analysis in the formulation of business policies
- To use economic reasoning to problems of business.

2. Course Duration: The course duration is of 36 sessions of 75 minutes each i.e. 45 hours.

3. Course Contents:

Module No:	Module Content	No. of Sessions	70 Marks (External Evaluation)
I	Ten principles of economics. Demand – Demand function – Demand distinctions – Elasticity of Demand and its applications and calculations - Supply - Market equilibrium Consumers' Equilibrium using cardinal and ordinal utility (Indifference curves) . Consumer Surplus & Producer Surplus - Theory of Production – Production function – Laws of Returns to a factor & returns to scale – Economies of scale and Economies of scope – Isoquants & Iso Cost curves Economic region of Production – The optimal combination of two inputs. Cost Analysis – Cost concepts – Short run and long run cost curves – Managerial uses of Long run cost curves – Revenue Analysis – Revenue curves.	8	14

II	<p>Market structure and price - output decisions: pricing under perfect competition - competitive equilibrium and economic efficiency - market failures and role of government.</p> <p>Pricing under monopoly - Deadweight loss -Public Policy - price discriminations -pricing under discriminating monopoly.</p> <p>Pricing under monopolistic competition - selling cost - monopolistic competition and welfare of the society - selling cost and its effects on demand curve - excess capacity.</p> <p>Pricing under Oligopoly - Price & Non-price competition - Nash Equilibrium - Collusion and Cartel - Indian Type of Cartel.</p>	10	21
III	<p>Instruments of Macro Economic Policy: Circular Flow of Income – Personal & Functional Distribution of Income - National Income – Concepts of National Income – National Income at Market price and factor cost - Real & Nominal GDP - Components of GDP - Calculation of GDP - GDP Deflator - Inflation Rate.</p> <p>International Trade - Comparative Cost Advantage - PPP - Exchange rate determination - Nominal & Real Interest Rate. Production & Growth - Diminishing returns and the Catch Up effect.</p> <p>Economics of Public Sector - Business Cycle – Inflation and Deflation – Cost of Inflation - Fiscal Policy: Instruments of Fiscal Policy - Monetary Policy:– Instruments of Monetary Policy – Measuring the cost of living: - Consumer Price Index - Inflation Rate using CPI</p>	8	14
IV	<p>Aggregate demand and aggregate supply : Classical dichotomy & Say's Law of Market -Principle of Effective Demand - Why aggregate demand curve slopes downwards and aggregate supply curve slope upwards.</p> <p>The influence of monetary and fiscal policy on aggregate demand - Consumption Function - Keynes Psychological Law of Consumption - MPC -MPS -APC -APS - Investment function</p> <p>Employment Equilibrium of the Keynesian Model -</p>	10	21

	solutions for income, employment and interest rate - Multiplier and Accelerator. The short-run trade-off between inflation and Unemployment - Short run and Long run Philips Curves		
	Practical Collect data of the pricing practices followed for different products and analyze or Any other topic which has contemporary practical relevance	---	Internal Evaluation (30 Marks of CEC)
	Total	36	70

4. Suggested Case Studies:

Sr. No.	Title of Case Study
1	Case: Pricing, admission to a museum (Ref. Principles of Economics Gregory Mankiw -6th Edition)
2	Case: Near empty restaurants and off-season miniature golf. (Ref. Principles of Economics Gregory Mankiw -6th Edition)
3	Case: Advertising and the price of eyeglasses (Ref. Principles of Economics Gregory Mankiw -6th Edition)
4	Case: Monopoly Drug verses Generic Drugs (Ref. Principles of Economics Gregory Mankiw -6th Edition)
5	Case: Nash Equilibrium and Prisoner's Dilemma (Ref. Principles of Economics Gregory Mankiw -6th Edition)
6	Case: International differences in GDP and Quality of life. (Ref. Principles of Economics Gregory Mankiw -6th Edition)
7	Case: Are natural resources a limit to growth? (Ref. Principles of Economics Gregory Mankiw -6th Edition)
8	Case: The Great Depression and World War II (Ref. Principles of Economics Gregory Mankiw -6th Edition)
9	Case: Oil and the economy (Ref. Principles of Economics Gregory Mankiw -6th Edition)

5. Teaching Method:

The following pedagogical tools will be used to teach this course:

- (1) Lectures and Discussions
- (2) Assignments, Presentations, Projects, Quizzes
- (3) Case Analysis

6. Evaluation:

The evaluation of participants will be on continuous basis comprising of the following elements:

A	Projects/ Assignment/ Quizzes/ Class participation etc.	Weightage 50 Marks (Assessment of CEC)
B	Internal Examination (Mid-Semester Examination)	Weightage 30 Marks (Internal Assessment)
C	End – Semester Examination (University Examination)	Weightage 70 Marks (External Assessment)

7. Text / Reference Books:

Sr. No.	Author	Title of the Book	Publisher	Year of Publication / Edition
1	N Gregory Mankiw	Principles of Economics	CENGAGE Learning	6th Edition
2	N Gregory Mankiw	Principles of Macro Economics	CENGAGE Learning	6th Edition
3	Dr D. M. Mithani	Managerial Economics: Theory & Applications	Himalaya Publications	2010 / Latest
4	G. S. Gupta	Managerial Economics	Tata Mc GrawHill	Latest Edition

Note: Wherever the standard books are not available for the topic appropriate print and online resources, journals and books published by different authors may be prescribed.

8. Other Readings:

Sr. No.	Author	Title of the Book	Publisher	Year of Publication
1	D. Salvatore	Managerial Economics in a Global Economy	CENGAGE Learning	Latest
2	R.L. Varshney and K.L. Maheswari	Managerial Economics	Sultan Chand and Sons	19th Edition / Latest
3	H.L Ahuja	Managerial Economics	S Chand	Latest Edition
4	Ravindra H.Dholakia and Ajay N. Oza	Microeconomics for Management Students	Oxford University Press	Latest Edition
5	C. Rangarajan and B. H. Dholakia	Principles of Macroeconomics	Tata McGrawHill	Latest Edition
6	Samuelson and Nordhaus	Economics	Tata McGrawHill	16th Edition / Latest

9. Session Plan: (36 sessions of 75 minutes)

No. of Sessions	Topic to be Covered
1-2	Ten principles of economics. Demand – Demand function – Demand distinctions – Elasticity of Demand and its applications and calculations - Supply - Market equilibrium
3-5	Consumers' Equilibrium using cardinal and ordinal utility (Indifference curves) . Consumer Surplus & Producer Surplus - Theory of Production – Production function – Laws of Returns to a factor & returns to scale – Economies of scale and Economies of scope – Isoquants & Iso Cost curves
6-8	Economic region of Production – The optimal combination of two inputs. Cost Analysis – Cost concepts – Short run and long run cost curves – Managerial uses of

	Long run cost curves – Revenue Analysis – Revenue curves.
9-12	Market structure and price - output decisions: pricing under perfect competition - competitive equilibrium and economic efficiency - market failures and role of government.
13-16	Pricing under monopoly - Deadweight loss -Public Policy - price discriminations - pricing under discriminating monopoly. Pricing under monopolistic competition - selling cost - monopolistic competition and welfare of the society - selling cost and its effects on demand curve - excess capacity.
17-18	Pricing under Oligopoly - Price & Non-price competition - Nash Equilibrium - Collusion and Cartel - Indian Type of Cartel.
19-21	Instruments of Macro Economic Policy: Circular Flow of Income – Personal & Functional Distribution of Income - National Income – Concepts of National Income – National Income at Market price and factor cost - Real & Nominal GDP - Components of GDP - Calculation of GDP - GDP Deflator - Inflation Rate.
22-23	International Trade - Comparative Cost Advantage - PPP - Exchange rate determination - Nominal & Real Interest Rate. Production & Growth - Diminishing returns and the Catch Up effect.
24-26	Economics of Public Sector - Business Cycle – Inflation and Deflation – Cost of Inflation - Fiscal Policy: Instruments of Fiscal Policy - Monetary Policy:– Instruments of Monetary Policy – Measuring the cost of living: - Consumer Price Index - Inflation Rate using CPI
27-29	Aggregate demand and aggregate supply : Classical dichotomy & Say's Law of Market -Principle of Effective Demand - Why aggregate demand curve slopes downwards and aggregate supply curve slope upwards.
30-32	The influence of monetary and fiscal policy on aggregate demand - Consumption Function - Keynes Psychological Law of Consumption - MPC -MPS -APC -APS - Investment function
33-36	Employment Equilibrium of the Keynesian Model - solutions for income, employment and interest rate - Multiplier and Accelerator. The short-run trade-off between inflation and Unemployment - Short run and Long run Philips Curves
