

Course title: Managerial Economics				
Course code: PPM 148	No. of credits: 3	L-T-P distribution: 32-10-00	Learning hours: 42	
Pre-requisite course code and title (if any):				
Department: Department of Business and Sustainability				
Course coordinator (s):			Course instructor (s):	
Contact details:				
Course type	Core	Course offered in: Semester I		
Course description				
<p>This is the first economics course that the students will take at TERI School of Advanced Studies and for most students, this may be their first ever exposure to the subject economics. The basic objective is to equip students with skill sets in applying an analytical approach to the study of how individuals and business units deal with the fundamental problems of scarce resources, understanding of the nature of prices and of markets, role of information and interventions, etc. Specific topics to be covered include applications of supply and demand, market structure, laws of production, market failure and game theory. Examples from services sector, energy and infrastructure sectors would be particularly important in attaining course goals.</p> <p>The course would provide the base for macroeconomics, organizational behavior, marketing, finance and strategic management.</p>				
Course objectives				
The course objectives are;				
<ul style="list-style-type: none"> - To increase students understanding of economic way of thinking to business decision making problems - To develop students critical thinking and analytical abilities in resolving business problems by employing various tools and techniques of managerial economics - To make students understand the rigors of various economic models and their applications. 				
Course content				
Module	Topic	L	T	P
1.	Introduction to Economics Human Wants and scarce resources Basics of demand, supply and market Concept of market Demand and supply schedules and equilibrium Changes in price when demand/supply shift Demand Analysis Derivation of demand curve Concept of Elasticity – point, arc, income and cross elasticity's Application of elasticity	6	2	0
2.	Utility, Preferences and Choice Utility Theory How people make decisions? Utility – total, marginal Marginal analysis and its use in economic analysis Preferences, budget constraints, choices and optimal choices Consumer Behavior Changes in income and prices Income and substitution effects Consumer surplus – impact of taxes, subsidies, etc.	6	2	0

3.	<p>Production and Cost</p> <p>Production Theory</p> <p>Production function and different forms</p> <p>Total, average and marginal products</p> <p>Returns to scale</p> <p>Tech. progress, innovation, sources of competitive advantage</p> <p>Theory of costs</p> <p>Nature of production costs, concepts of costs and short-run and long run costs</p> <p>Total, average and marginal costs</p> <p>Economies of scope, learning curve</p> <p>Applications of the above concepts in different classes of firms particularly in service industry</p>	6	2	
4.	<p>Theory of Firms</p> <p>Market and market structure</p> <p>Concept of market</p> <p>Market equilibrium and price determination Market structure</p> <p>Perfect Competition, monopoly, duopoly, oligopoly</p> <p>Some special subjects – auctions, network markets</p> <p>Imperfect competition</p> <p>Price discrimination (definition and types of price discrimination, necessary conditions for the existence of price discrimination, price discrimination and the price elasticity of demand)</p> <p>Oligopoly (classical and collusive oligopoly)</p> <p>Average cost pricing</p> <p>Market structure, efficiency and regulation</p> <p>Relevance of efficiency related issues</p> <p>Monopoly power and social costs</p> <p>Regulation of public monopolies</p>	8	4	0
5.	<p>Economics of Information</p> <p>Search costs</p> <p>Asymmetric information and adverse selection</p> <p>Information and moral hazard</p> <p>Market signaling</p> <p>Switching costs</p> <p>Principal agent problem</p>	6	0	0
Total		32	10	

Evaluation criteria

The overall course grade will be allocated as follows:

Test 1 & Test 2: Written Test -30 %

Test 3: Assignment -20 %

Test 4: Written test - 50 %

Learning outcomes

- Understand the key concepts, models, tools and techniques of managerial economics (Test 1, 2& Test 3)
- Understand and appreciate the applications of various tools and techniques of managerial economics (Assignment)
- Develop abilities of applying the tools, techniques and models in resolving real life business problems (Assignment & Test 3)

Pedagogical approach

Pedagogical approach consists of classroom teaching; interactive sessions; case study discussion, students' presentation.

Materials

Textbooks and Readings:

Dominick S., (2012), Managerial Economics, 7th Ed., Oxford University Press.

Frank, R. and B. Bernanke (2004), Principles of Economics, 2nd Ed., Tata McGraw Hill

Dominick S., (2009), Principles of Microeconomics, International Version, 5th Ed.,
Oxford University Press.

Varian, H. R., (2006), Intermediate Microeconomics, 8th ed. W. W. Norton & Company

Sen, A., (2006), Microeconomics – Theory and Applications, 2nd Ed., Oxford University Press. Pindyck, R. S., D. J.

Rubinfeld and P. L. Mehta (2009), Microeconomics, 7th Ed., Pearson Education, India.

Additional information (if any)

Attendance; All exams are based on lecture and classroom discussion. Attendance will be taken on a regular basis and it is expected that all students attend ALL sessions which will be counted for overall grade. Showing up late for class, use of gadgets (mobile phones, tablets or laptops etc.) during class is disruptive and should be avoided.

Student responsibilities

Attendance, feedback, discipline etc.

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Course reviewers:

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