### Veer Narmad South Gujarat University

**204 – Economics for Managers (Including Macro)** **First Year BBA (Semester 2) With Effect from AY2019-20 Objective of the course:**

* + - To give a complete and rigorous introduction to basic principles of managerial economics and macro economics
    - 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 Economics
      * Chief Characteristics of Managerial Economics
      * Significance of Managerial Economics
      * 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
* Selling cost
  + 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 ofProduction
  + Concept of Total Product, Average Product and MarginalProduct
  + Law of VariableProportions
  + Economies & Diseconomies ofscale
  + 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, Sultan Chand*
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 Publishing House*
5. *Essentials of Managerial Economics – P. N. Reddy, Himalaya Publishing House*
6. *Managerial Economics – G S Gupta, Tata McGraw-Hill*
7. *Modern Microeconomics: Theory & Application – H L Ahuja, Sultan Chand*
8. *Advanced Economic Theory: Microeconomic Analysis – H L Ahuja, Sultan Chand*
9. *Principles of Microeconomics-H L Ahuja, Sultan Chand*
10. *Business Economics – H. L. Ahuja, Sultan Chand*
11. *Advanced Microeconomic Theory – M J Kennedy, Himalaya Publishing House*

*12) Economics – Paul Samuelson, William Nordhaus, Tata McGraw-Hill*