

Course Title : Managerial Economics (ME, DM21101)

Course Instructor: Prof. Amitava Ghose, Academic Year: 2020 term.

COURSE OVERVIEW

Managerial Economics (ME) is about tools of Economics in management/business decision. The course will help the learners to analyze the alternative course of actions in a market economy and take optimal decisions. The course begins with the understanding of market forces of demand and supply and introduce the nitty gritty of firm's production and cost decisions. The course work then delves into market morphology and understanding of price and output decision of a firm. The importance of scale and scope economies are introduced to understand the horizontal boundaries of the firm. Finally, the course work focuses on the economics of vertically integrated firm and introduce theoretical principles of value chains.

LEARNING OUTCOMES

1. Understand the central importance of market forces in the Determination price and quantity movements and applications of demand and supply tools.
2. Importance of elasticity of demand in pricing and marketing strategies.
3. Understand price fixing policies under different market structures.
4. Understand the factors determining the optimal boundaries of the firm.
5. Understand the make or buy decisions of the firm.

DETAILED SESSION PLAN

Session 1: Subject Overview

Session 2: Demand, Shifters of market demand, Supply, Shifters of market supply.

Session 3: Market equilibrium, Changes in market equilibrium under different supply and demand conditions.

Session 4: Applications and case studies related to demand and supply. Elasticity of demand.

Session 5: Three stages of production in the short run and economic region of production.

Session 6: Production in the long run and optimal factor usage.

Session 7: Concept of different types of costs in short run and cost-productivity relationship.

Session 8: Returns to scale and long run behavior of costs.

Session 8: Case studies and applications of production and costs.

Session 9: Introduction to market behavior and structures.

Session 10: Pricing in perfectly competitive markets. Case studies.

Session 11: Pricing in monopoly. Case studies

Session 12: Pricing in monopolistically competitive markets. Case study

Session 13: Oligopolistic Interdependence. Collusion and Competition. Case studies

Session 14: Economies of scale and scope. Economics of tiny, small, medium and large scale production. Case studies

Session 14: Economics of vertically integrated firm. Case study.

Session 15: Make or Buy decision. Vertically disintegrated production structures. Case studies.

Session 16: Tangible benefits of outsourcing.

Session 17: Learning Curve and scale economies.

Session 18: Costs of outsourcing and benefits from diversification of outsourcing for global firms.

Session 19: Revision and question discussion

Session 20: Revision and question discussion.

Recommended Readings:

1. Mankiw, N : Principles of Economics, Cengage Learning

2. Ivan Png & Dale Lehman: Managerial Economics, Blackwell Publishing.

3. McConnell, Brue, Flynn : Economics, McGraw Hill Education.

4. David Besanko : Economics of Strategy, Wiley

Pedagogy unchanged