

Course title: Managerial Economics				
Course code: PPM 148	No. of credits: 4	L-T-P: 50-10-00	Learning hours: 60	
Pre-requisite course code and title (if any): None				
Department: Department of Policy & Management Studies				
Course coordinator(s): Dr. Gopal Sarangi		Course instructor(s): Dr. Gopal Sarangi		
Contact details: gopal.sarangi@terisas.ac.in				
Course Type: Core		Course offered in: Semester 1		
Course Description The basic objective is to equip students with skill sets in applying analytical approaches 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 of interventions, etc. Specific topics to be covered include applications of supply and demand, market structure, laws of production, market failure, game theory and auctions and their applications in the context of business and business decision making. Students would appreciate and understand how markets organize things and when markets fail and how market failures could be addressed. Examples from services sectors, energy and infrastructure sectors would be particularly important in attaining course goals. The course would provide the base for macroeconomics, organizational behaviour, marketing, finance and strategic management.				
Course objective The course objectives are: <ul style="list-style-type: none"> ▪ To increase students understanding of economic way of thinking and analyzing to business decision making problems ▪ To develop students critical thinking skills and analytical abilities in resolving business problems by employing various tools and techniques of economics ▪ To make students understand the rigors of various economic models and their applications in business decisions. ▪ To make students understand how economic variables are interpreted, analyzed through the use of various tools and techniques 				
Course content				
Module	Topic	L	T	P
1	Introduction to Economics, Demand and Supply, Elasticity and Market Efficiency 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 shifts Demand Analysis and demand estimation Derivation of demand curve Consumer surplus and producer's surplus Market efficiency and their applications Concept of Elasticity – point, arc, income and cross elasticity's Elasticity and revenue Application of elasticity	10	2	0
2	Utility, Preferences and Choice Utility Theory and utility function How people make decisions? Utility – total, marginal Marginal analysis and its use in economic analysis Preferences, budget constraints, choices, and optimal choices Consumer Behaviour Indifference curve analysis and revealed preference analysis Changes in income and prices, income and substitution effects	8	2	0

3	Theory of Firms and pricing strategies Market and market structure Market equilibrium and price determination under different market structures Perfect Competition, monopoly, and price discrimination (definition and types of price discrimination, necessary conditions for the existence of price discrimination, price discrimination and the price elasticity of demand) Other pricing strategies of firms Monopolistic competition, models of oligopoly (Bertrand duopoly and Cournot duopoly) Application of auctions and game theory in understanding the market structure, behaviour, and business strategy Average cost pricing, other pricing strategies	12	2	0
4	Market failure, Economics of regulation, Economics of information, and Role of behavioural economics in managerial decision making Externalities and public goods Monopoly power and social costs Regulation of public monopolies Economics of Information and uncertainty, Search costs Asymmetric information and adverse selection and moral hazard, Market signalling, Switching costs Principal agent problem Managerial judgements through behavioural economics	10	2	0
	TOTAL	50	10	00
Evaluation criteria: The overall course grade will be allocated as follows: <ul style="list-style-type: none"> ▪ Minor-1 : Class exercises and participation: 10 % ▪ Minor-2 : 20 % ▪ Minor-3 : Assignment: 20 % ▪ Major Exam : Written test: 50 % 				
Learning outcomes: After the completion of the course, the students will: <ul style="list-style-type: none"> ▪ Understand the key concepts, models, tools and techniques of managerial economics (Test 1, 2, 3 & Test 4) ▪ Understand and appreciate the applications of various tools and techniques of managerial economics (Assignment and Test 1) ▪ 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 and participation; interactive sessions; case study discussion, students' presentation.				
Materials Textbooks and Readings: <ul style="list-style-type: none"> ▪ Dominick S., (2012), Managerial Economics, 7th Ed., Oxford University Press. ▪ Karl Case, Ray Fair, and Sharon Oster, Principles of Economics.12th edition ▪ 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. ▪ Martin J. Osborne (2004), An Introduction to Game Theory, Oxford University Press, New Delhi. 				

Additional information (If any):**Attendance**

Attendance will be taken on a regular basis, and it is expected that all students attend ALL sessions.

Student responsibilities:

Attendance, feedback, discipline etc.

Prepared by: *Dr. Gopal K Sarangi*

Course reviewers:

1. *Prof. Sajal Ghosh, Professor of Economics, MDI, Gurgaon*
2. *Prof. Ranjan Kumar Ghosh, Assistant Professor of Economics, IIM Ahmedabad*