

**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**

**PGDM (G); TRIMESTER I; ACADEMIC YEAR 2020-21**

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| --- | --- |
| Course Code and title | ECO 101: Managerial Economics |
| Credits | 3 |
| Term and Year | 1st trimester, 2020-21 |
| Course Pre-requisite(s) | N/A |
| Course Requirement(s) | Basic Mathematics |
| Course Schedule (day and time of class) | Notified in timetable |
| Classroom # (Location) | Notified by PMC |
| Course Instructor | Dr Vranda Jain |
| Course Instructor Email | vranda.jain@jaipuria.ac.in |
| Course Instructor Phone (Office) | 01204638380 |
| Student Consultation Hours | Monday (4.00-5.00p.m.), Thursday (4.00-5.00p.m.) |
| Office location | CS 14 |

**1. Course Overview**

Managerial Economics deals with the application of microeconomics to the practical problems of businesses/firms in order to facilitate rational managerial decisions and possible solutions of managerial problems. It integrates economic theory with business practice for the purpose of facilitating planning and decision-making.

This is a pre-management course and it serves as a necessary foundation for understanding management courses. It has pre-linkage with ability to handle data and elementary knowledge of calculus. Students with prior study of microeconomics will find great sense of comfort while undergoing this course.

This course will deal with areas such as demand analysis, production and cost analysis, price and output determination in competitive and imperfect markets. It will also take through scenario that will make students understand marketing, sales, and production courses at later stage. This course will provide fundamental premises for taking advertisement cost decision, sales decision, and optimum production decision. Managerial Economics will have great deal of bearing on courses of Marketing Management, Consumer Behavior, Strategic Management and Entrepreneurship

**2. Course Learning Outcomes (CLO)**

At the end of the course, the students should be able to:

**CLO 1:**Explain fundamentals of Managerial Economics (Understand – Conceptual)

**CLO 2:**Apply the economic approach to individual and business decision making (Apply – Procedural)

**CLO 3:**Analyze real-world business problems with relevant economic framework (Analyze – Metacognitive)

**3. Mapping CLO with PLOs**

|  |  |  |  |
| --- | --- | --- | --- |
|  | CLO 1 | CLO 2 | CLO 3 |
| PLO1: Communicate effectively |  |  |  |
| PLO2: Demonstrate the ability to work in teams to achieve desired goals |  |  |  |
| PLO3: Reflect on business situations and apply relevant conceptual frameworks | **Introduced** | **Reinforced** | **Mastered** |
| PLO4: Evaluate different ethical perspectives |  |  |  |
| PLO5: Comprehend sustainability issues |  |  |  |
| PLO 6: Exhibit innovative and creative thinking |  |  |  |

**4. Mapping of CLOs with GAs**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **GA 1** | **GA 2** | **GA 3** | **GA 4** | **GA 5** | **GA 6** | **GA 7** |
| **CLO 1** |  |  |  |  |  |  |  |
| **CLO 2** |  |  | **×** |  |  |  |  |
| **CLO 3** |  |  | **×** |  |  |  |  |

**5. Text Book**

Thomas and Maurice (2014). Managerial Economics: Foundations of Business Analysis and Strategy, 10th Edition, McGraw Hill Education, New Delhi

**Additional Resources:**

1. Dwivedi, D N. (2015). Managerial Economics, 18th edition, Vikas Publishing House

2. Sloman, J. and Sutcliffe, M. (2013: 2006). Economics for Business, 3rd edition, Pearson Education Ltd.

3. Samuelson, W. F. & Marks, S. G. (2014). Managerial Economics, 6th edition, Wiley India Pvt. Ltd.

4. Koutsoyiannis (1988:2011): Modern Micro Economics. USA: Nick Book House

**6. Assessment Tasks**

**For Grading**

|  |  |  |
| --- | --- | --- |
| Assessment Task | Weightage | CLO reference |
| Quiz | 20% | CLO1, CLO2 |
| Group Assignment/Project | 20% | CLO2 |
| Individual Viva | 20% | CLO1 |
| End-term Examination | 40% | CLO1, CLO2, CLO3 |

**For AOL purpose**

|  |  |  |
| --- | --- | --- |
| Assessment task | Weightage | CLO reference |
| Group Assignment/Project | 20% | CLO2 |
| Individual Viva | 20% | CLO1 |
| End-term Examination | 20% | CLO3 |

**Course-embeddedness of AOL**

|  |  |  |  |
| --- | --- | --- | --- |
|  | CLO1 | CLO2 | CLO3 |
| Group Assignment/Project |  | Embedded |  |
| Individual Viva | Embedded |  |  |
| End-term Examination |  |  | Embedded |

**Description of assessment tasks**

| Assessment task | Description |
| --- | --- |
| Quiz | It will be in-class or LMS based task. Quizzes may be in form of MCQs, fill in the blanks, or one-liner, etc. Two or more quizzes will be conducted with total weightage of 20%. |
| Group assignment/project | Primary objective of this assignment is to expose students to ground business realities and working of concepts and tools of Managerial Economics at the level of a business/company. Each group of 5-6 students will choose a business/company in consultation with the faculty for its detailed assessment and analysis. Assessment and analysis may be based on secondary data about the business/company and/or primary data collected through interview of CEO or any other appropriate person. Course faculty will share with students an outline for assessment of the business/company including parameters of assessment, data points, etc. Finally, student group will prepare and submit a project report along with a recorded presentation as per the format protocol advised by the course faculty. The deadline for report submission is 9 th Oct, 2020. |
| Individual Viva | Individual viva of students will be based on the course content delivered till date. Ideally, each student will be asked 10 questions each carrying 2 marks. Two marks will be given for each complete and correct answer; 1 mark will be given for partially correct answer; and no marks will be given for incorrect or no answer. In each session Course Instructor can ask randomly questions to students. This practice will be staggered in 20 Sessions during the term and students are supposed to answer these questions. Each student will get 7 to 8 chances during the term. So students are suggested to participate actively in all the sessions.  However, Course Instructor can also notify out of class viva through Zoom Platform. |
| End-term examination | End-term examination (hall or online) will be conducted after completion of the course. |

**7. Session Plan**

| Session | Topic/ Sub Topic | | Reading Reference | Pedagogy | | Session Learning Outcomes | CLO |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Module I:** **Understanding the Market functioning** | | | | | | | |
| 1 | **Managerial Economics – Introduction**  (Definition; Nature; Scope; Wants; Limited resources and Choice)  **Nature and functions of profit** | | Chapter 1, pp: 8-25 | Pre-recorded video  Class discussion | | At the end of the session, the student will be able to describe the significance of relative scarcity, choice making and opportunity cost and apply it in decision making  At the end of the session, the student will be able to identify the role of profit in business setting. | 1 |
| 2-3 | **Demand and Supply**  (Demand; Factors underlying demand; Supply; Factors underlying supply: Market equilibrium and disequilibrium) | | Chapter 2-pp 36-60  65-74 | Prerecorded Video  Class discussion  Worksheet | | At the end of the session, the student will be able to explain various factors influencing the demand for a product. | 1 |
| 4 | **Demand and Supply**  (Price Ceiling and Price Floor) | | Chapter 2-74-76 | Class discussion  Case/Case let Analysis  Worksheet | | At the end of the session, the student will be able to identify the relevance of understanding determinants of supply and market equilibrium | 1,2,3 |
| 5-6 | **Elasticity of demand and business decisions** | | Chapter 6-204-230 | Pre Recorded Video  Class discussion  Case let or problem Solving in breakout rooms | | At the end of the session, the student will be able to measure and predict the change in demand due to change in price of the product, consumer income, price of substitutes/ complements, and advertisement expenditure | 1,2,3 |
| **Module II: Production and Cost Analysis** | | | | | | | |
| 7-8 | **Production and Cost Analysis**  (Production and cost in the short run)  (Production and cost in the long run) | | Chapter 8 | Prerecorded Video  Class Discussion | | At the end of the session, the student will be able to explain the production and cost behavior when at least one factor of production is fixed.  At the end of the session, the student will be able to explain the production and cost behavior when all the factors of production are variable. | 1,2 |
| 9 | **Production and Cost Analysis**  (Laws of returns and laws of returns to scale) | | Chapter 8 and 9 | Class discussion | | At the end of the session, the student will be able to predict the behavior of production resulting from changes in variable factor and changes in scale of operation | 1,2 |
| 10 | **Production and Cost Analysis**  (Cost minimization, Break-even analysis; Economies of Scale and scope) | | Chapter 8 and 9 | Class discussion | | At the end of the session, the student will be able to identify break-even output/ price and scope of vertical and horizontal business expansion. | 1,2,3 |
| **Module III : Market Structure and Pricing Practices** | | | | | | | |
| 11 | **Market Structure and Pricing Practices**  (Perfect Competition and Monopoly) | | Chapter 11&12-  398-428  433-441  467-478 | Prerecorded Videos  Class discussion | | At the end of the session, the student will be able to describe the business decisions without market power and with highest degree of Market power | 1, 2 |
| 12. | **Market Structure and Pricing Practices**  (Monopolistic Competition) | | Chapter 12  481-498 | Class discussion | | At the end of the session, the student will be able to identify the business decisions with some degree of market power. | 1, 2, 3 |
| 13. | **Market Structure and Pricing Practices**  (Oligopoly) | | Chapter 13  511-513 | Class discussion Case discussion | | At the end of the session, the student will be able to decide the appropriate and effective tools of competition in oligopolistic market situation | 1, 2,3 |
| 14. | **Market Structure and Pricing Practices**  (Price Discrimination) | | Chapter 14  576-603 | Class discussion Case discussion | | At the end of the session, the student will be able to design discriminatory pricing strategy for maximization of profit. | 1, 2, 3 |
| 15. | **Market Structure and Pricing Practices**  (Other pricing practices) | | Chapter 14-  603-615 | Class discussion | | At the end of the session, the student will be able to describe various pricing strategies such as cost-plus pricing, peak-load pricing, etc. | 1,2, 3 |
| **Module IV:** **Managerial Theories of Firm** | | | | | | | |
| 16-17 | **Managerial Theories of Firm**  (Game Theory and Competitive strategy – When rivals make simultaneous decisions) | Chapter 13-  510-533 | | | Class discussion | At the end of the session, the student will be able to take business decisions knowing fully the rival firm’s action. | 2 |
| 18-19 | **Managerial Theories of Firm**  (Game Theory and Competitive strategy – When rivals make sequential decisions) | | Chapter 13  533-561 | | Class discussion | At the end of the session, the student will be able to take business decisions knowing fully the rival firm’s action. | 2,3 |
| 20 | **Session wind up, Feedback and Learning Integration; Tutorials as per announcement** | | | | | | |

## **8. Student Responsibility**

It is the responsibility of every student to be aware of the requirements for this course, and understand the specific details included in this document.

It is emphasized that this course requires a significant commitment outside of formal class contact. The learning tasks in this course may include classes (lectures or seminars), required reading, the preparation of answers to set questions, exercises and problems, and self-study. In addition, students may be required to complete an assignment, test or examination.

It is advisable that student maintains a separate Note Book for this course which can be used for keeping class notes, library notes, and notes of other readings. It is important to develop the habit of writing notes of classroom discussions and any readings that the students come across.

**9. Time budgeting in course planning:**

The table below is an example of the suggested time allocations for this course.

|  |  |  |
| --- | --- | --- |
| Classes | 3 hours per week | 30 hours |
| Reading | Prescribed readings and making notes | 30 hours |
| Preparation of set questions, exercises and problems | Including shared and group exercises | 15 hours |
| Preparation of assignment | Reading and writing | 15 hours |
| Study and revision for test and end of Trimester examination | Self-preparations | 15 hours |
| TOTAL |  | 105 hours |

**10. Rubrics for Assessment Tasks:**

**CLO 1:** Explain fundamentals of Managerial Economics

**Assessment tasks**: Individual Viva (20 marks).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Criterion** | **Performance level** | | | **Score** |
| **Poor**  **(0-8 marks)** | **Average**  **(9-14 marks)** | **Good**  **(15-20 marks)** |
| Ability to explain fundamentals of Managerial Economics related to demand, supply and market equilibrium; elasticity of demand; production and cost analysis; and market structures and pricing practices | Student is able to answer questions and explain only few of the given concepts related to demand, supply and market equilibrium; elasticity of demand; production and cost analysis; and market structures and pricing practices | Student is able to answer questions and explain some of the given concepts related to demand, supply and market equilibrium; elasticity of demand; production and cost analysis; and market structures and pricing practices | Student is able to answer questions and explain all or most of the given concepts related to demand, supply and market equilibrium; elasticity of demand; production and cost analysis; and market structures and pricing practices |  |

**CLO 2:** Apply the economic approach to individual and business decision making.

**Assessment tasks**: Group Assignment /Project

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Criterion** | | **Performance level** | | | **Score** |
| Gather Relevant Information | Select and Use Relevant Concepts and Frameworks to business situations. | **Poor**  **(0-8 marks)** | **Average**  **(9-14 marks)** | **Good**  **(15-20 marks)** |
| Examination of the market structure, associated features and business decision making in case of assigned/opted business/firm/industry | | Students are unable to properly examine the market structure and associated features of assigned business/firm/industry.  They simply described the nature and bunch of business decisions in general.  Students exhibited low level of overall understanding of the assigned business including demand and supply side dynamics. | Students are able to haphazardly examine the market structure and associated features of assigned business/firm/industry.  They merely touched upon the nature of and rationale for business decisions in case of assigned business/firm/ industry.  Students exhibited medium level of overall understanding of the assigned business including demand and supply side dynamics. | Students are able to systematically examine the market structure and associated features of assigned business/firm/industry.  They are also able to examine the nature of and rationale for business decisions in case of assigned business/firm/ industry.  Students exhibited high level of overall understanding of the assigned business including demand and supply side dynamics. |  |

**CLO 3:** Analyze real-world business problems with relevant economic framework.

**Assessment task:** End-term exam (20 marks)

| **Criterion**  **(This is Question specific- asked in end term)** | **Performance level** | | | |  |
| --- | --- | --- | --- | --- | --- |
| **Poor**  **(0-8 marks)** | | **Average**  **(9-14 marks)** | **Good**  **(15-20 marks)** |
| Identification of market structure of given business on the basis of its common attributes and examining and suggesting profit-maximizing price, product and advertisement decisions.  Examining various pricing strategies in different business contexts.  Examining the non-cooperative (simultaneous and sequential decisions) and cooperative (repeated decisions) decisions in competitive environment under the game theory framework  Analyze the impact of changes in price, consumer income, and price of substitutes & complements on quantity demanded/demand of a product under different business scenarios/types of elasticity | | Students are unable to correctly identify the market structure of the given business/firm. They provided general description of market structures and their characteristics.  Students are able to partially examine suitability of a pricing strategy in a given business context.  Students are unable to ascertain appropriate strategic decision in cooperative and non-cooperative competitive environment under the game theory framework.  Students are able to analyze and explain the role of only one/no factor in causing change in quantity demanded/demand of a product under different elasticity types | Students are able to correctly identify the market structure of the given business/firm but are unable to provide complete supporting arguments. They are also unable to suggest context-specific profit-maximizing business decisions.  Students are able to partially examine suitability of a pricing strategy in a given business context.  Students are unable to ascertain appropriate strategic decision in cooperative and non-cooperative competitive environment under the game theory framework.  Students are able to analyze and explain the role of only 2 factors in causing change in quantity demanded/demand of a product under different elasticity types | Students are able to correctly identify the market structure of the given business/firm along with complete supporting arguments. They are also able to suggest profit-maximizing business decisions.  Students are able to comprehensively examine suitability of a pricing strategy in a given business context.  Students are able to ascertain appropriate strategic decision in cooperative and non-cooperative competitive environment under the game theory framework.  Students are able to analyze and explain the role of all 3 factors in causing change in quantity demanded/demand of a product under different elasticity types |  |

List of GAs

GA 1: Self-initiative

GA 2: Deep discipline knowledge

GA 3: Critical thinking and Problem solving

GA 4: Humility, Team-Building and Leadership Skills

GA 5: Open and Clear Communication

GA 6: Ethical competency and sustainable mindset

GA 7: Entrepreneurial and innovative