



JAIPURIA INSTITUTE OF MANAGEMENT
PGDM (Service Management); TRIMESTER I; ACADEMIC YEAR 2019-21

Course Code and title	ECO 101: Managerial Economics
Credits	3
Term and Year	I Term, 2019-20
Course Pre-requisite(s)	N/A
Course Requirement(s)	Basic Mathematics
Course Schedule (day and time of class)	As per timetable
Classroom # (Location)	As per timetable
Course Instructor	Dr. Ritika Gugnani
Course Instructor Email	ritika.gugnani@jaipuria.ac.in
Course Instructor Phone (Office)	0120-4638357
Student Consultation Hours	Monday, Tuesday & Thursday (3.30pm to 5.30pm)
Office location	First Floor

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 and estimation, 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 dynamics of free market. (PO Attainment level 2)

CLO2: Analyze market responsiveness to changes in key determinants of demand. (PO Attainment level 2)

CLO 3: Examine different market structures for business decision making. (PO Attainment level 2)

3. Mapping CLO with PLOs

	PLO1	PLO2	PLO3	PLO4	PLO5.	PLO6	PLO7	PLO8
CLO1			×					
CLO2			×					
CLO3			×					×

4. Mapping of CLOs with GAs

	GA 1	GA 2	GA 3	GA 4	GA 5	GA 6	GA 7	GA 8
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 Edn. New Delhi: Vikas Publishing House
2. Sloman, J. and Sutcliffe, M. (2013: 2006). Economics for Business, 3rd edn. New Delhi: Pearson Education Ltd.
3. Samuelson, W. F. & Marks, S. G. (2014). Managerial Economics, 6th Edn. New Delhi; Wiley India Pvt Ltd.
4. Koutsoyiannis (1988:2011): Modern Micro Economics. USA: Nick Book House
5. Internet Resources (as advised by the faculty during classroom sessions)

6. Assessment Tasks

Assessment Task	Description	Weightage	CLO
1.Quiz (Scenario based)	Class Activity/ LMS	20%	CLO 1 (10%) CLO 2 (10%)
2.Class Test/Written Assignment	LMS/ Written	20%	CLO 1 (10%) CLO 2 (10%)
3.Group Assignment/ Discussion Forum	Group Project & Report Submission	20%	CLO 3
4.End Term Hall Examination	Hall Exam	40%	CLO 1 (15%) CLO 2 (10%) CLO 3 (15%)

Assessment criteria set out the details by which performance in each task will be judged. This information will give a clear and explicit understanding of the expected standards to be achieved relative to the marks awarded.

Assessment Task 1: Class Test/ Written Assignment (20%)

Assessment Details: Based on the content delivered in the class, written assignment or class test will be assigned. These assignments can be used for testing concepts and problem solving skills of the students. The course instructor will declare assignments on LMS. The course Instructor can ask the submission of Class assignment in the class itself. The Assignments will be closed by 5th week .The assessment will be done in 20 marks (10 marks each will be dedicated to CLO1 & CLO2.

- 1) Task Assessor: Course Instructor
- 2) Submission details: online/ written
- 3) Feedback and return of work: One week

Assessment Task 2: Group Project (20%) (These instructions for Group project can be altered by the course instructor as per the nature of group project assigned. This is a sample of the instructions.)

- 1) Assessment Details: For this group project, you are required to select and examine one businesses for which you have a contact person whom you can interview. To answer some of the questions below, you will need to ask your contact person. To answer some of the other questions, you will need to combine your interviewees' responses with your knowledge from the course. After answering questions 1 to 9 for each business, answer questions 10 and 11. Use an essay format for the written paper. Do NOT use an exam format with just question numbers followed by answer phrases. The paper must be typed double-spaced, using a 12-point font and 1-inch margins. Be sure that you have clearly answered all parts of all questions. Both content and writing style are important in this assignment. Proof read your work and pay careful attention to spelling, punctuation, and sentence structure. The group is also required to make a presentation to the course instructor (as per the instructions) and submit a hard copy of the report.
 1. a. What is the name of the business and what product(s) or service(s) does it provide?
 - b. Who is the owner of the business (an individual, a family, partners, stockholders, etc.)?
 - c. What is the name of the person whom you interviewed, his/her title or position in the company, and your group's connection with him/her (for example: group member Ashish Tandon father)?
 2. a. What inputs does the company use to produce its product or service? (While your companies' input usage may differ from that discussed in class, a review of your course notes on fixed and variable inputs may be helpful here.)
 - b. Which of the company's inputs are variable inputs? In other words, suppose the company wanted to produce more or less than it had been. For which inputs could the quantity used was easy to change in a relatively short amount of time, such as a month?
 - c. Which of the company's inputs are fixed inputs? That is, for which inputs, can the quantity used not be changed in a relatively short amount of time?
3. What is the business' largest expense per month? (Be specific; "operations" and "sales and administration" are not satisfactory answers.)
4. How many employees does the company have?
5. a. Suppose the company increased the price of its product/service (or one of its products/services if there are more than one) by about 10%. Would the quantity purchased be expected to fall by about 10%, more than 10%, or less than 10%? (Ask your interviewee this part (5a), and then use your course notes on elasticity to answer parts 5b and 5c below.)

- b. What does your answer to part 5(a) imply about the elasticity of demand for the company's product/service? That is, is the demand for the company's product/service elastic, inelastic, or unit elastic?
- c. What do your answers to 5a and b imply about what would happen to the total revenue from sales of the product/service? That is, would it increase, decrease, or remain the same? Explain.
- 6. With whom does the company compete? Be specific.
- 7. Does the company's product/service differ from that of its competitors and, if so, how?
- 8. Would this business be best described as a perfect competitor, a monopolistic competitor, an Oligopolistic, or a monopolist? Explain.
- 9. a. What does the company do well?
b. What does the company not do well? (Even in well-run organizations, there is room for Improvement.)
- 10. a. How are your two businesses similar (comparison with competition)?
b. How are two businesses that you are studying different?
- 11. What did you learn from this project (managerial economics-related and otherwise)?

Criteria used to grade this task:

- 1) **Criteria used to evaluate this task is given in detail under the heading of Rubrics of assessment Task. (Question 6, 7, 8, 9, 10 Part of AOL)**
- 2) Task Assessor: Internal Faculty
- 3) Suggested time to devote to this task:
- 4) Submission details: Neatly type-set, hard copy submission
- 5) Feedback and return of work: Depends on requests by students

Assessment Task 3: Quiz (20%)

- 1) Assessment Details: Scenario based Questions to check the conceptual clarity and application of the concepts. The Quiz can be surprise or with prior information. The quiz can be conducted in the class or on LMS system
- 2) Task Assessor: Internal Faculty
- 3) Suggested time to devote to this task: Concurrent

Assessment Task 4: End Term (40%)

- 1) Assessment Details: Questions based on the course content will be posed to the students to give adequate responses with suitable illustrations and examples.
- 2) Task Assessor: Internal faculty and External Examiner question paper setter
- 3) Suggested time to devote to this task: End of term
- 4) Submission details: Hall Examination
- 5) Feedback and return of work: Answer scripts will be shown but will not be returned.

7. Session Plan

Session	Topic/ Sub Topic	Reading Reference	Pedagogy	Session Learning Outcomes	CLO
Module I: Understanding the Marketing function					
1.	Managerial Economics – Introduction	Chapter 1	Video, (scarcity, opportunity cost), Class discussion, Application of Opportunity cost in real life and business	At the end of the session, the student will be able to describe the significance of relative scarcity,	

	(Definition; Nature; Scope; Wants; Limited resources and Choice)			choice making and opportunity cost thereof.	
2.	Nature and functions of profit	Chapter 1	Class discussion	At the end of the session, the student will be able to identify the role of profit in business setting.	1
3-4	Demand and Supply (Demand; Factors underlying demand; Supply; Factors underlying supply)	Chapter 2	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
5	Demand and Supply (Market equilibrium and disequilibrium; Price Ceiling and Price Floor)	Chapter 2	Class discussion, 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
6.	Elasticity of demand and business decisions	Chapter 6	Video, class discussion, caselet and worksheet	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
7.	Review and Exercises – I (based on session 1-6)	Chapter 1, 2, 6 and 7	Exercises	At the end of the session, the student will be able to apply the concepts and tools learnt in session 1-6.	
Module II: Production and Cost Analysis					

8.	Production and Cost Analysis (Production and cost in the short run)	Chapter 8	Class discussion, Video	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.	1,2
9	Production and Cost Analysis (Production and cost in the long run)	Chapter 9	Class discussion	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
10	Production and Cost Analysis (Laws of returns and laws of returns to scale)	Chapter 8 and 9	Class discussion, worksheet	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
11	Production and Cost Analysis (Break-even analysis; Economies of Scale and scope)	Chapter 8 and 9	Class discussion, worksheet, Case 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; and to identify measures for controlling negative externalities and promoting positive externalities.	1,2
12.	Review and Exercises – II (based on session 8-11)	Chapter 8 and 9	Class discussion, exercises	At the end of the session, the student will be able to apply the concepts and tools learnt in session 8-11.	
Module III : Market Structure and Pricing Practices					

13	Market Structure and Pricing Practices (Perfect Competition)	Chapter 11	Class discussion	At the end of the session, the student will be able to describe the business decisions without market power.	1, 2, 3
14.	Market Structure and Pricing Practices (Monopoly)	Chapter 11	Class discussion, Case (Bt Cotton Monopoly)	At the end of the session, the student will be able to explain the business decisions with highest degree of market power.	1, 2, 3
15.	Market Structure and Pricing Practices (Monopolistic Competition)	Chapter 12	Class discussion	At the end of the session, the student will be able to identify the business decisions with highest degree of market power.	1, 2, 3
16.	Market Structure and Pricing Practices (Oligopoly)	Chapter 13	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
17.	Market Structure and Pricing Practices (Price Discrimination)	Chapter 14	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
18.	Market Structure and Pricing Practices (Other pricing practices)	Chapter 14	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
19.	Review and Exercises – III (based on session 13-18)	Chapter 11, 12, and 14	Class discussion and exercises	At the end of the session, the student will be able to apply the concepts and tools learnt in session 13-18.	

Module IV: Managerial Theories of Firm					
20-21	Managerial Theories of Firm (Game Theory and Competitive strategy – When rivals make simultaneous decisions)	Chapter 13	Class discussion	At the end of the session, the student will be able to take business decisions knowing fully the rival firm's action.	3
22-23	Managerial Theories of Firm (Game Theory and Competitive strategy – When rivals make sequential decisions)	Chapter 13	Class discussion	At the end of the session, the student will be able to take business decisions knowing fully the rival firm's action.	3
24.	Review				

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	2-3 hours per week for 12 weeks	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 dynamics of free market

Assessment tasks: Quiz-1 (10 marks), Class Test exam (10/20 marks), End-term exam (15/40 marks)

Quiz-1 (10 marks)

Criterion	Performance level			Score
	Poor (0-4 marks)	Average (5-7 marks)	Good (8-10 marks)	
Clarity on various concepts related to demand & supply, market equilibrium and disequilibrium;	Students have no or low clarity on most of the concepts related to working of free market which were tested through quiz-1 and answered 4 or less questions correctly	Students have clarity on many concepts related to working of free market which were tested through quiz-1 and answered 5-7 questions correctly	Students have clarity on most/all of the concepts related to working of free market which were tested through quiz-1 and answered 8 or more questions correctly	

Class test (10 marks)

Criterion	Performance level			Score
	Poor (0.0-4.0 marks)	Average (4.1-7.0 marks)	Good (7.1-10.0 marks)	
Ability to explain market equilibrium and disequilibrium, shortage and surplus, price ceiling and price floor, and impact of various demand and supply side factors on market equilibrium	Students are able to just describe but unable to explain market equilibrium & various dimensions of market disequilibrium. They are also unable to explain the impact of government interventions and/or other factors on the market	Students are able to fully/partially explain market equilibrium & various dimensions of market disequilibrium but are unable to explain the impact of government interventions and/or other factors on the market	Students are able to fully explain market equilibrium & various dimensions of market disequilibrium such as shortage and surplus and impact of government interventions and other factors on the market	

End-term exam (15 marks)

Criterion	Performance level			Score
	Poor (0.0-6.0 points)	Average (6.1-12.0 points)	Good (12.1-15.0 points)	
Ability to explain market equilibrium and disequilibrium, shortage and	Students are able to just describe but unable to explain market	Students are able to fully/partially explain market equilibrium &	Students are able to fully explain market equilibrium &	

surplus, price ceiling and price floor, and impact of various demand and supply side factors on market equilibrium	equilibrium & various dimensions of market disequilibrium. They are also unable to explain the impact of government interventions and/or other factors on the market	various dimensions of market disequilibrium but are unable to explain the impact of government interventions and/or other factors on the market	various dimensions of market disequilibrium such as shortage and surplus and impact of government interventions and other factors on the market	
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CLO 2: Analyze market responsiveness to changes in key determinants of demand

Assessment tasks: Quiz-2 (10 marks), Class test (10/20 marks), End-term exam (10/40 marks)

Quiz-2 (10 marks)

Criterion	Performance level			Score
	Poor (0-4 marks)	Average (5-7 marks)	Good (8-10 marks)	
Clarity on various concepts of elasticity of demand – price, income and cross elasticity	Students have no or low clarity on most of the concepts related to elasticity of demand which were tested through quiz-1 and answered 4 or less questions correctly	Students have clarity on many concepts related to elasticity of demand which were tested through quiz-1 and answered 5-7 questions correctly	Students have clarity on most/all of the concepts related to elasticity of demand which were tested through quiz-1 and answered 8 or more questions correctly	

Class test (10 marks)

Criterion	Performance level			Score
	Poor (0.0-4.0 marks)	Average (4.1-7.0 marks)	Good (7.1-10.0 marks)	
Analyze the impact of changes in price, consumer income, and price of substitutes & complements on quantity demanded/demand of a product under different scenarios/types of elasticity	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 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 analyze and explain the role of all 3 factors in causing change in quantity demanded/demand of a product under different elasticity types	

End-term exam (10 marks)

Criterion	Performance level			Score
	Poor (0.0-4.0 marks)	Average (4.1-7.0 marks)	Good (7.1-10.0 marks)	
Using elasticity for business decision making	<p>Students are able to just describe the relationship between price elasticity of demand. They are also unable to suggest appropriate pricing strategy</p> <p>Students are unable to correctly anticipate the prospects of different types of business in periods of economic boom and slow down; and they are unable even to correctly describe the linkage between economic boom/slow down and business in general</p> <p>Students are unable to identify substitutes and complements in consumption on the basis of cross elasticity of demand and suggest appropriate response to change in price of substitutes and complements</p>	<p>Students are able to analyze the relationship between price elasticity of demand and total revenue but are unable to suggest appropriate pricing strategy</p> <p>Students are unable to correctly anticipate the prospects of different types of business in periods of economic boom and slow down; they just described the linkage between economic boom/slow down and business in general</p> <p>Students are either unable to identify substitutes and complements in consumption on the basis of cross elasticity of demand or unable to suggest response to change in price of substitutes and complements</p>	<p>Students are able to suggest appropriate pricing strategy to increase sales/total revenue after correctly analyzing the relationship between price elasticity of demand and total revenue</p> <p>Students are able to correctly anticipate the prospects of different types of business in periods of economic boom and slow down on the basis of analysis of income elasticity of demand and suggest expansion/contraction plan.</p> <p>Students are able to identify substitutes and complements in consumption on the basis of cross elasticity of demand and suggest response to change in price of substitutes and complements</p>	

CLO 3: Examine different market structures for business decision making

Assessment task: Group assignment/Discussion Forum (20 marks), End-term exam (15/40 marks)

Group Assignment / Discussion Forum (20 marks)

Criterion	Performance level			Score
	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	<p>Students are unable to properly examine the market structure and associated features of assigned business/firm/industry.</p> <p>They simply described the nature and bunch of business decisions in general.</p> <p>Students exhibited low level of overall understanding of the assigned business including demand and supply side dynamics.</p>	<p>Students are able to haphazardly examine the market structure and associated features of assigned business/firm/industry.</p> <p>They merely touched upon the nature of and rationale for business decisions in case of assigned business/firm/industry.</p> <p>Students exhibited medium level of overall understanding of the assigned business including demand and supply side dynamics.</p>	<p>Students are able to systematically examine the market structure and associated features of assigned business/firm/industry.</p> <p>They are also able to examine the nature of and rationale for business decisions in case of assigned business/firm/industry.</p> <p>Students exhibited high level of overall understanding of the assigned business including demand and supply side dynamics.</p>	

End-term exam (15 marks)

Criterion	Performance level			Score
	Poor (0.0-6.0 marks)	Average (6.1-10.0 marks)	Good (10.1-15.0 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.	<p>Students are unable to correctly identify the market structure of the given business/firm. They provided general description of market structures and their characteristics.</p>	<p>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-</p>	<p>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-</p>	

Examining various pricing strategies in different business contexts.	Students are able to partially examine suitability of a pricing strategy in a given business context.	specific profit-maximizing business decisions.	maximizing business decisions.	
Examining the non-cooperative (simultaneous and sequential decisions) and cooperative (repeated decisions) decisions in competitive environment under the game theory framework	Students are unable to ascertain appropriate strategic decision in cooperative and non-cooperative competitive environment under the game theory framework.	Students are able to partially examine suitability of a pricing strategy in a given business context.	Students are able to comprehensively 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 ascertain appropriate strategic decision in cooperative and non-cooperative competitive environment under the game theory framework.	

11. Institute's Policy Statements

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.

12. LMS-Moodle/Impartus:

LMS-Moodle/Impartus is used to host course resources for all courses. Students can download lecture, additional reading materials, and tutorial notes to support class participation.

13. Late Submission

Assessment tasks submitted after the due date, without prior approval/arrangement, will be not be accepted. Requests for extension of time must be made with the faculty member concerned and based on Special Consideration guidelines.

14. Plagiarism:

Plagiarism is looked at as the presentation of the expressed thought or work of another person as though it is one's own without properly acknowledging that person.

Cases of plagiarism will be dealt with according to Plagiarism Policy of the institute. It is advisable that students should read Student Handbook for detailed guidelines. It is also advisable that students must not allow other students to copy their work and must take care to safeguard against this happening. In cases of copying, normally all students involved will be penalized equally; an exception will be if the student can demonstrate the work is their own and they took reasonable care to safeguard against copying.

List of PLOs

PLO1: Communicate effectively and display inter-personnel skills

PLO2: Demonstrate Leadership and Teamwork towards achievement of organizational goals

PLO 3: Apply relevant conceptual frameworks for effective decision-making

PLO 4: Develop an entrepreneurial mindset for optimal business solutions

PLO 5: Evaluate the relationship between business environment and organizations

PLO 6: Demonstrate sustainable and ethical business practices

PLO 7: Leverage technologies for business decisions

PLO 8: Demonstrate capability as an Independent learner

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: Global outlook

GA 7: Ethical competency and sustainable mindset

GA 8: Entrepreneurial and innovative