

BBA-GE 101 Managerial Economics- I

Course Objective: The primary objective of this course is to equip students with the necessary economic concepts, principles, theory and techniques and enhance their managerial decision making to address business problems in a globalized economic environment

Course Outcomes (COs): After completion of the course, the students shall be able to:

CO1: Understand the basic concepts of managerial economics and apply the economic way of thinking to individual decisions and business decisions.

CO2: Measure price elasticity of demand, understand the determinants of elasticity and apply the concepts of price, cross and income elasticity of demand.

CO3: Understand and estimate production function and Law of Diminishing Marginal Utility.

CO4: Understand and explain four basic market models of perfect competition, monopoly, monopolistic competition, and oligopoly, and how price and quantity are determined in each model.

CO5: Understand the different costs of production and how they affect short and long run decisions.

Unit-I

Introduction to Managerial Economics: Managerial Economics: Meaning, Nature, Scope & Relationship with other disciplines, Role of managerial economics in decision Making, Opportunity Cost Principle, Production Possibility Curve, Incremental Concept, Scarcity Concept.

Demand and the Firm: Demand and its Determination: Demand function; Determinants of demand; Demand elasticity – Price, Income and cross elasticity. Use of elasticity for analyzing demand, Demand estimation, Demand forecasting, Demand forecasting of new product. **Indifference Curve Analysis:** Meaning, Assumptions, Properties, Consumer Equilibrium, Importance of Indifference Analysis, Limitations of Indifference Theory

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Unit-II

Production Function : Production function Meaning, Concept of productivity and technology, Short Run and long run production function Isoquants; Least cost combination of inputs, Producer's equilibrium; Return to scale; Estimation of production function.

Theory of Cost: Cost Concepts and Determinants of cost, short run and long run cost theory, **Modern Theory of Cost**, Relationship between cost and production function

Unit-III

Revenue Curve: Concept of Revenue, Different Types of Revenues, concept and shapes of Total Revenue, Average revenue and marginal revenue, Relationship between Total Revenue, Average revenue and marginal revenue, Elasticity of Demand and Revenue relation

Market Structure: Market Structure: Meaning, Assumptions and Equilibrium of Perfect Competition, Monopoly, Monopolistic Competition, Oligopoly: Price and output determination under collusive oligopoly, Price and output determination under non-collusive oligopoly, Price leadership model.

Unit-IV

Pricing: Pricing practices; Commodity Pricing: Economics of advertisement costs; Types of pricing practices

Factor Pricing: Demand and supply of factor of production; Collective bargaining, Concept of rent, profit, interest- Rate of return and interest rates; Real vs. Nominal interest rates. Basic capital theory–Interest rate and return on capital. Measurement of profit.

Note: Relevant Case Studies will be discussed in class.

Suggested Readings/ Books:

- K.K .Dewett, *Modern Economic Theory*, S. Chand Publication
- D.M.Mithani, *Managerial Economics Theory and Applications*, Himalaya Publication
- Peterson and Lewis, *Managerial Economic*, Prentice Hall of India
- Gupta, *Managerial Economics*, TataMcGraw Hills

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- Geetika, *Managerial Economics*, Tata McGraw Hills
- D.N.Dwivedi, *Managerial Economic*, Vikas Publications
- Froeb, *Managerial Economics*, Cengage Learning
- Koutsoyiannis, A, *Modern Micro Economics*, Palgrave Macmillan Publishers, New Delhi.
- Thomas Christopher R., and Maurice S. Charles, *Managerial Economics – Concepts and Applications*, 8th Edition,
- Mehta, P. L, *Managerial Economics – Analysis, Problems and Cases*, Sultan Chand & Sons, Delhi.
- Peterson and Lewis, *Managerial Economics*, 4th Edition, Prentice Hall of India Pvt. Ltd., New Delhi.
- Shapiro, *Macro Economics*, Galgotia Publications.
- H. L Ahuja *Advanced Economic Analysis*, S. Chand & Co. Ltd, New Delhi. 7.
- G.S Gupta, *Managerial Economics*, Tata McGraw Hill.