



# INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad -500 043

## MASTER OF BUSINESS ADMINISTRATION

### COURSE DESCRIPTOR

|                          |  |                  |                |                   |                |
|--------------------------|--|------------------|----------------|-------------------|----------------|
| <b>Course Title</b>      | <b>MANAGERIAL ECONOMICS</b>            |                  |                |                   |                |
| <b>Course Code</b>       | <b>CMBB03</b>                          |                  |                |                   |                |
| <b>Programme</b>         | <b>MBA</b>                             |                  |                |                   |                |
| <b>Semester</b>          | <b>I</b>                               |                  |                |                   |                |
| <b>Course Type</b>       | Core                                   |                  |                |                   |                |
| <b>Regulation</b>        | <b>IARE-R18</b>                        |                  |                |                   |                |
| <b>Course Structure</b>  | <b>Theory</b>                          |                  |                | <b>Practical</b>  |                |
|                          | <b>Lectures</b>                        | <b>Tutorials</b> | <b>Credits</b> | <b>Laboratory</b> | <b>Credits</b> |
|                          | 4                                      | -                | 4              | -                 | -              |
| <b>Chief Coordinator</b> | Ms. B.Swathi, Assistant Professor, MBA |                  |                |                   |                |
| <b>Course Faculty</b>    | Ms. B.Swathi, Assistant Professor, MBA |                  |                |                   |                |

#### I. COURSE OVERVIEW:

This course helps to understand the principles and practices of marketing communications, involving tools used by marketers to inform consumers and to provide a managerial framework for integrated marketing communications planning. Topics: the role of integrated marketing communications, organizing for advertising and promotion, consumer behavior perspective, the communication process, promotional objectives and budgets, creative strategy, media planning and strategy, broadcast/print & support media, direct marketing, sales promotions, PR and publicity, personal selling, international promotion, business-to-business promotions, and regulations and ethics.

#### II. COURSE PRE-REQUISITES:

| Level | Course Code | Semester | Prerequisites               | Credits  |
|-------|-------------|----------|-----------------------------|----------|
| PG    | CMBB03      | I        | <b>MANAGERIAL ECONOMICS</b> | <b>4</b> |

#### III. MARKSDISTRIBUTION:

| Subject                     | SEE Examination | CIA Examination | Total Marks |
|-----------------------------|-----------------|-----------------|-------------|
| <b>Managerial Economics</b> | 70 Marks        | 30 Marks        | 100         |

#### IV. DELIVERY / INSTRUCTIONAL METHODOLOGIES:

|   |                        |   |          |   |              |   |        |
|---|------------------------|---|----------|---|--------------|---|--------|
| ✓ | Chalk & Talk           | ✓ | Quiz     | ✓ | Assignments  | ✗ | MOOCs  |
| ✓ | LCD / PPT              | ✓ | Seminars | ✗ | Mini Project | ✗ | Videos |
| ✗ | Open Ended Experiments |   |          |   |              |   |        |

#### V. EVALUATION METHODOLOGY:

The course will be evaluated for a total of 100 marks, with 30 marks for Continuous Internal Assessment (CIA) and 70 marks for Semester End Examination (SEE). Out of 30 marks allotted for CIA during the semester, marks are awarded by taking average of two CIA examinations or the marks scored in the make-up examination.

**Semester End Examination (SEE):** The SEE is conducted for 70 marks of 3 hours duration. The syllabus for the theory courses is divided into five units and each unit carries equal weight age in terms of marks distribution. The question paper pattern is as follows. Two full questions with “either” or “choice” will be drawn from each unit. Each question carries 14 marks. There could be a maximum of two sub divisions in a question.

The emphasis on the questions is broadly based on the following criteria:

|      |  |
|------|--|
| 50 % | To test the objectiveness of the concept.  |
| 50 % | To test the analytical skill of the concept OR to test the application skill of the concept. |

#### Continuous Internal Assessment (CIA):

CIA is conducted for a total of 30 marks (Table 1), with 25 marks for Continuous Internal Examination (CIE), 05 marks for Quiz/ Alternative Assessment Tool (AAT).

Table 1: Assessment pattern for CIA

| Component          | Theory   |                 | Total Marks |
|--------------------|----------|-----------------|-------------|
| Type of Assessment | CIE Exam | Term paper/ AAT |             |
| CIA Marks          | 25       | 05              | 30          |

#### Continuous Internal Examination (CIE):

Two CIE exams shall be conducted at the end of the 8<sup>th</sup> and 16<sup>th</sup> week of the semester respectively. The CIE exam is conducted for 25 marks of 2 hours duration consisting of two parts. Part–A shall have five compulsory questions of one mark each. In part–B, four out of five questions have to be answered where, each question carries 5 marks. Marks are awarded by taking average of marks scored in two CIE exams.

#### Alternative Assessment Tool (AAT):

Marks shall be awarded considering the average of two assignments for every course. The AAT may include seminars, assignments.

#### VI. HOW PROGRAM OUTCOMES ARE ASSESSED:

| Program Outcomes (POs) |  | Strength | Proficiency assessed by |
|------------------------|--|----------|-------------------------|
| PO1                    | <b>Managerial Skills:</b> Apply knowledge of management theories and practices to solve business problems.       | 2        | Seminars                |
| PO2                    | <b>Decision making Skills:</b> Foster Analytical and critical thinking abilities for data-based decision making. | 2        | Assignments             |

| Program Outcomes (POs) |   | Strength | Proficiency assessed by |
|------------------------|---|----------|-------------------------|
| <b>PO3</b>             | <b>Ethics:</b> Ability to develop Value based Leadership ability.   | 1        | Guest lectures          |
| <b>PO4</b>             | <b>Communication Skills:</b> Ability to understand, analyze and communicate global, economic, legal, and ethical aspects of business.                       | 2        | Seminars                |
| <b>PO5</b>             | <b>Leadership Skills:</b> Ability to lead themselves and others in the achievement of organizational goals, contributing effectively to a team environment. | 2        | Assignments             |

**3 = High; 2 = Medium; 1 = Low**

#### VII. COURSE OBJECTIVES :

| The course should enable the students to: |  |
|---|--|
| I   | Illustrate the application of economic theory and methodology as an alternative in managerial decisions in an organization   |
| II  | Apply the knowledge of demand, demand elasticity & demand forecasting by using statistical techniques for any hypothetical enterprise.   |
| III                                       | Explain the relevance of cost behavior analysis & costs that are useful for managerial decision making and Break Even Point (BEP) of an enterprise.                                |
| IV  | Design competition strategies, including costing, pricing, product differentiation, and market environment according to the natures of products and the structures of the markets. |

#### VIII. COURSE OUTCOMES (COs):

| CO Code   | CO's | At the end of the course, the student will have the ability to:  | PO's Mapped | Strength of Mapping |
|-----------|------|--|-------------|---------------------|
| CMBB03.01 | CO1  | Apply economic principles and methodologies to key management decisions within the organizations and foster the goals of the organization.                 | PO1         | 2                   |
| CMBB03.02 | CO2  | Identify the nature and scope of managerial economics in the modern business.  | PO1,PO4     | 2                   |
| CMBB03.03 | CO3  | Understand the fundamentals of managerial economics such as demand, production, price and supply which helps the mind doing business effectively.          | PO2         | 2                   |
| CMBB03.04 | CO4  | Know about the marketing research approaches to demand estimation in demand forecasting and its function in an organization.                               | PO2         | 2                   |
| CMBB03.05 | CO5  | Evaluate benefit/cost, life cycle and break even analyses on one or more economic alternatives.  | PO2         | 2                   |
| CMBB03.06 | CO6  | Analyze various forms of production function like Isoquant and Isocost and finding out optimal combinations of inputs including the Cobb-Douglas function. | PO3         | 1                   |
| CMBB03.07 | CO7  | Discuss the economies of scale, diseconomies of scale, economies of scope, and cost complementarities, and how each affects the cost of production         | PO3         | 1                   |
| CMBB03.08 | CO8  | Examine the cost function and differences between short-run and long-run cost function.  | PO4         | 2                   |
| CMBB03.09 | CO9  | Demonstrate the cost efficient method of producing components which are better   | PO4, PO3    | 2                   |

| CO Code   | CO's | At the end of the course, the student will have the ability to:  | PO's Mapped | Strength of Mapping |
|-----------|------|--|-------------|---------------------|
|           |      | sourced from other companies.  |             |                     |
| CMBB03.10 | CO10 | Recognize the industry structure at firm level to develop production strategies with profit maximization. Elucidate the basic market models of perfect competition, imperfect competition, and how price and output are determined in each model | PO5         | 2                   |

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**IX. MAPPING COURSE OUTCOMES LEADING TO THE ACHIEVEMENT OF PROGRAM OUTCOMES:**

| COs   | Program Outcomes (POs) |     |     |     |     |     |     |     |
|-------|------------------------|-----|-----|-----|-----|-----|-----|-----|
|       | PO1                    | PO2 | PO3 | PO4 | PO5 | PO6 | PO7 | PO8 |
| CO 1  | 2                      |     |     |     |     |     |     |     |
| CO 2  | 2                      |     |     | 2   |     |     |     |     |
| CO 3  |                        | 2   |     |     |     |     |     |     |
| CO 4  |                        | 2   |     |     |     |     |     |     |
| CO 5  |                        | 2   |     |     |     |     |     |     |
| CO 6  |                        |     | 1   |     |     |     |     |     |
| CO 7  |                        |     | 1   |     |     |     |     |     |
| CO 8  |                        |     |     | 2   |     |     |     |     |
| CO 9  |                        |     |     | 2   |     |     |     |     |
| CO 10 |                        |     | 1   |     | 2   |     |     |     |
| CO 11 |                        |     |     |     | 2   |     |     |     |

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**X. ASSESSMENT METHODOLOGIES–DIRECT**

|                      |                              |              |                              |              |             |               |      |
|----------------------|------------------------------|--------------|------------------------------|--------------|-------------|---------------|------|
| CIE Exams            | PO 1, PO 2, PO 3, PO 4, PO 5 | SEE Exams    | PO 1, PO 2, PO 3, PO 4, PO 5 | Assignments  | PO 2, PO 4. | Seminars      | PO 5 |
| Laboratory Practices | -                            | Student Viva | -                            | Mini Project | -           | Certification | -    |
| Term Paper           | -                            |              |                              |              |             |               |      |
|                      |                              |              |                              |              |             |               |      |

## XI. ASSESSMENT METHODOLOGIES–INDIRECT

|   |  |   |                           |
|---|--|---|---------------------------|
| ✓ | Early Semester Feedback                | ✓ | End Semester OBE Feedback |
| ✗ | Assessment of Mini Projects by Experts |   |                           |

## XII. SYLLABUS

|   |   |
|---|---|
| <b>UNIT –I</b>  | <b>INTRODUCTION TO MANAGERIAL ECONOMICS</b>   |
| Definition, nature and scope, Relationship with other areas in economics, production management, marketing, finance and personnel, Operations research, The role of managerial economist, Basic economic principles- the concept of opportunity cost, incremental concept, scarcity, marginalize, Equip marginalize, time perspective, discounting principle, risk and uncertainty. |   |
| <b>UNIT -II</b>   | <b>THEORY OF DEMAND</b>                       |
| Demand Analysis, Elasticity of demand-types and significance of elasticity of demand, Demand estimation, Marketing research approaches to demand estimation, Need for forecasting, forecasting techniques, Supply Analysis, Supply function, the law of supply, elasticity of supply.   |   |
| <b>UNIT – III</b>   | <b>PRODUCTION ANALYSIS</b>                    |
| Production function, Production function with one and two variables, Cobb-Douglas production function, Marginal rate of technical substitution Iso-quants and Iso-costs, returns to scale and returns to factors, economies of scale, Innovations and global competitiveness.   |   |
| <b>UNIT –IV</b>   | <b>COST THEORY AND ESTIMATION</b>             |
| Cost concepts, determinants of cost, cost-output relationship in the short run and long run, short run vs. long run costs, average cost curves, overall cost leadership.  |   |
| <b>UNIT – V</b>   | <b>MARKET STRUCTURE AND PRICING PRACTICES</b> |
| Features and types of different competitive situations, price- output determination in perfect competition, monopoly, monopolistic competition and oligopoly both the long run and short run; pricing philosophy.   |   |
| <b>Text Books:</b>  |   |
| <ol style="list-style-type: none"> <li>1. Craig H. Petersen. Cris Lewis and Sudhir K. Jain: “Managerial Economics”, Pearson, 14<sup>th</sup> Edition 2012</li> <li>2. Dominick Salvatore Managerial Economics, Oxford, 7<sup>th</sup> Edition, 2012.</li> <li>3. Geetika, “Managerial Economics”, TMH, 2<sup>nd</sup> Edition, 2012.</li> </ol>                                     |   |
| <b>Reference Books:</b>   |   |
| <ol style="list-style-type: none"> <li>1. G S Gupta, Managerial Economics, TMH, 2<sup>nd</sup> Edition,</li> <li>2. D.M.Mithani, Managerial Economics theory and applications, Himalaya Publishing House, 5<sup>th</sup> Edition, 2015</li> </ol>   |   |

## XIII. COURSE PLAN:

The course plan is meant as a guideline. Probably there may be changes.

| Lecture No | Topics to be covered   | Course Outcomes (COs) | Reference   |
|------------|--|-----------------------|-------------|
| 1-2        | Acquire knowledge of basic terms related to managerial economics | CO1                   | T1- 1.3-1.8 |
| 3-4        | Understand managerial economics relationship with other areas    | CO1                   | T1-2.6-2.10 |
| 5-6        | Explain the importance of managerial economist                   | CO2                   | T1-3.1-3.18 |
| 7-9        | Understand the basic economic principles                         | CO2                   | T1-4.5-4.15 |

| Lecture No | Topics to be covered   | Course Outcomes (COs) | Reference     |
|------------|--|-----------------------|---------------|
| 10-12      | Understand the relationship between quantity demanded and price of product | CO3                   | T1- 5.2-3.2   |
| 13-15      | Explain various approaches to demand estimation                            | CO3                   | T1- 5.3 4-4.9 |
| 16-18      | Identify the methods to estimate demand in an organisation                 | CO4                   | T1- 5.51-6.8  |
| 19-20      | Understand relationship between price and quantity supply                  | CO4                   | T1- 7.117.13  |
| 21-27      | Understand the change in output with change in inputs                      | CO5                   | T1-7.14-7.21  |
| 28-32      | Understand the measurement of demand in numerical                          | CO6                   | T1- 8.4-8.16  |
| 33-35      | Analyze the benefits obtained by expanding production                      | CO6                   | T1-8.19-8.25  |
| 36-38      | Understand the concepts of cost and the factors affecting cost             | CO7                   | T1-9.3-9.13   |
| 39-41      | Analyze the relationship between output and cost                           | CO7                   | T19.11-0.25   |
| 42-45      | Recall the different cost concepts to minimize cost                        | CO8                   | T19.21-0.27   |
| 46-48      | Acquire knowledge of market and its structure                              | CO9                   | T1.11.511.7   |
| 49-53      | Analyze the relationship between output and price in the market            | C10                   | T1.12.512.29  |
| 54-57      | Understand the price and pricing philosophy                                | CO11                  | T113.615.19   |

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**XIV. GAPS IN THE SYLLABUS - TO MEET INDUSTRY / PROFESSION REQUIREMENTS:**

| S No | Description   | Proposed actions | Relevance with POs |
|------|---|------------------|--------------------|
| 1    | Optimum planning of integrated marketing communication                                      | Seminars         | PO 1               |
| 2    | Marketing engineering harnesses marketing data and knowledge to facilitate decision making. | Guest lectures   | PO 4               |

**Prepared by:**

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**HOD, MBA**