



# INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal - 500 043, Hyderabad, Telangana

## COURSE CONTENT

BUSINESS ECONOMICS								
I Semester: MBA								
Course Code	Category	Hours / Week			Credits	Maximum Marks		
CMBD03	Core	L	T	P	C	CIA	SEE	Total
		4	0	-	4	40	60	100
<b>Contact Classes: 40</b>	<b>Tutorial Classes: 05</b>	<b>Practical Classes: Nil</b>			<b>Total Classes: 45</b>			
<b>Prerequisite: Basic concepts of economics</b>								

### I. COURSE OVERVIEW:

This course helps to understand the economic goals of firm and optimal decision making. Managerial economics considers macroeconomic factors such as population growth and economic growth in market. It includes production management, Demand and supply, cost of production, market structure pricing, pricing strategies and output decision. It deals with tools of math's and statistics in order to analyze and make optimal decision making.

### II. COURSES OBJECTIVES:

#### The students will try to learn:

- I. The application of economic theory and methodology as alternative in managerial decisions in an organization.
- II. The strategies, including costing, pricing, product differentiation, and market. Environment according to the natures of products and the structures of the markets.
- III. The quantitative techniques to business decisions using economic concepts such as supply and demand, price elasticity and marginal analysis.
- IV. The price to charge that maximizes profits under a variety of circumstances, including perfect and imperfect competition and when the firm can identify groups of consumers.

### III. COURSE OUTCOMES:

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

- CO1 Demonstrate the nature and scope of managerial economics in the modern business to foster the goals of the organization.
- CO2 Identify the fundamentals of managerial economics such as demand, production, price and supply which helps in doing business effectively.
- CO3 Evaluate benefit/cost, life cycle and break even analyses on one or more economic alternatives.
- CO4 Discuss various forms of production functions to know its affects in the cost of production.
- CO5 Examine the cost concepts and determinants of cost function and compare the differences between short-run and long-run cost function.
- CO6 Summarize the industry structure at firm level to develop pricing strategies with profit maximization.

### IV. COURSE CONTENT:

#### MODULE - I: INTRODUCTION TO BUSINESS ECONOMICS (10)

Definition, Nature and Scope, Relationship with other disciplines – business decision making process- The role of managerial economist- Basic economic principles – the concept of opportunity cost, Marginalism, Equi-marginalism, incremental concept, Time perspective, discounting principle, risk and uncertainty.

#### MODULE - II: THOERY OF DEMAND AND SUPPLY (08)

Demand Analysis - demand function, law of demand, determinants of demand, types of demand. Elasticity of demand, types, Measurement and significance of Elasticity of Demand. Demand

Forecasting, Need for Demand Forecasting, Methods of Demand Forecasting. Supply – Supply function, determinants of supply, law of supply, Elasticity of Supply.

#### **MODULE - III: PRODUCTION AND COST ANALYSIS (09)**

Production function, Production function with one, two variables, Cobb-Douglas Production Function, Marginal Rate of Technical Substitution, Isoquants and Isocosts, Returns to Scale, Economies of scale - Innovations and global competitiveness.

Cost concepts, determinants of cost, cost-output relationship in the short run and long run, short run vs. long run costs, average cost curves, Break Even Analysis.

#### **MODULE - IV: MARKET STRUCTURES- PRICING AND OUTPUT DECISIONS (08)**

Classification of Market Structures - Features - competitive situations - Price-Output determination under Perfect competition, Monopoly, Monopolistic competition and Oligopoly - both the long run and short run.

#### **MODULE - V: PRICING STRATEGIES (10)**

Pricing Policy, Price Discrimination, Cost Plus Pricing, Pricing of multiple products, Transfer pricing, Pricing over Product Life Cycle. Theory of Firm - Managerial Theories and Behavioral Theories of firm. International Price Discrimination: Dumping, Effects of Dumping.

#### **V. TEXTBOOKS:**

1. TR Jain and Khanna OP, “Managerial Economics”, VK Global Publications Pvt Ltd, 1<sup>st</sup> edition, 2020.
2. G Keat, Young K Y, Erfile E, Benarjee S, “Managerial Economics”, Pearson Education, 6<sup>th</sup> edition, 2017.
3. H L Ahuja, “Managerial Economics – Analysis of managerial Decision making”, S. Chand publications, New Delhi, 2<sup>nd</sup> edition, 2017.
4. P L Mehta – “Managerial Economics-Analysis, problems and Cases”, Sultan Chand & Sons, New Delhi, 2<sup>nd</sup> edition, 2016.
5. Dwivedi D N, “Managerial Economics”, Vikas Publishing House Pvt ltd, 8<sup>th</sup> edition, 2015.

#### **VI. REFERENCE BOOKS:**

1. D M Mithani “Managerial Economics: Theory and Applications”, Himalaya Publication house, Hyderabad, 2<sup>nd</sup> edition, 2016.
2. G S Guptha, “Managerial Economics”, Tata McGraw Hill Publications, New Delhi, 2<sup>nd</sup> edition, 2017.

#### **VII. WEB REFERENCES:**

1. [https://www.google.co.in/books/edition/Managerial\\_Economics/9clcDwAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover](https://www.google.co.in/books/edition/Managerial_Economics/9clcDwAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover)
2. [https://www.google.co.in/books/edition/Managerial\\_Economics\\_8th\\_Edition/H7FDDAAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover](https://www.google.co.in/books/edition/Managerial_Economics_8th_Edition/H7FDDAAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover)
3. [https://www.google.co.in/books/edition/MANAGERIAL\\_ECONOMICS/Q53GDgAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover](https://www.google.co.in/books/edition/MANAGERIAL_ECONOMICS/Q53GDgAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover)

#### **VIII. E-TEXT BOOKS:**

1. <https://www.sxccal.edu/wp-content/uploads/2020/01/MBA-Accounting-Managers-1stYear.pdf>
2. <https://www.freebookcentre.net/business-books-download/Accounting-Tools-For-Business-Decision-Making.html>
3. <https://pingpdf.com/pdf-managerial-economics-by-t-r-jain-free-pdf-download.html>
4. <https://mrcet.com/downloads/MBA/Managerial%20Economics.pdf>
5. [https://www.academia.edu/34707649/Managerial\\_Economics\\_Textbook](https://www.academia.edu/34707649/Managerial_Economics_Textbook)