



# MARRI LAXMAN REDDY INSTITUTE OF TECHNOLOGY AND MANAGEMENT

(AN AUTONOMOUS INSTITUTION)

(Approved by AICTE, New Delhi & Affiliated to JNTUH, Hyderabad)

Accredited by NAAC with 'A' Grade & Recognized Under Section 2(f) & 12(B) of the UGC act, 1956

## COURSE CONTENT

BUSINESS ECONOMICS								
I SEMESTER								
Course Code	Category	Hours/Week			Credits	Maximum Marks		
		L	T	P	C	CIE	SEE	Total
22MBA002	CORE	4	-	-	4	40	60	100
Contact Classes: 60	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 60			
<b>Prerequisite:</b> Basic concepts of economics								

### COURSE OVERVIEW:

This course is designed to help students understand the economic objectives of firms and support optimal decision-making. Managerial Economics examines both microeconomic and macroeconomic factors, including market conditions, population growth, and overall economic growth. The course covers key topics such as production management, demand and supply analysis, cost of production, market structures, pricing methods, pricing strategies, and output decisions. It also introduces the application of mathematical and statistical tools to analyze economic data and facilitate informed managerial decision-making.

### COURSE OBJECTIVES:

- Identify the core principles and basic concepts of business economics.
- Explain the key determinants of demand and supply and their interaction in establishing market equilibrium
- Calculate and interpret various measures of production and cost to identify optimal production levels and cost efficiencies.
- Explain various market structures and their impact on firm conduct, performance and pricing decisions.
- Justify optimal pricing strategies for different market conditions, considering both economic theory and practical business implications.

### COURSE OUTCOMES: After Completion of the course, students should be able to

1. Apply economic principles, opportunity cost, Marginalism in business decision-making processes
2. Demonstrate the concepts of demand & supply, elasticity, market equilibrium and apply demand forecasting in business decisions.
3. Classify production - cost functions, returns to scale for break-even analysis and managerial decisions.
4. Judge the price-output decisions in different market structures and their impact on firms'

behavior.

5. Design various pricing strategies, theoretical foundations of the firm and international pricing practices

**Unit – I: Introduction to Business Economics:** Definition, Nature and Scope, Relationship with Other Disciplines, Business Decision-making Process, Basic Economic Principles: The Concept of Opportunity Cost, Marginalism, Equi-Marginalism, Incremental Concept, Time Perspective, Discounting Principle, Risk and Uncertainty.

**Unit – II: Theory of Demand and Supply:** (a) Demand Analysis: Demand, Demand Function, Law of Demand, Determinants of Demand, Demand Schedule and Demand Curve. Movement along and shift in Demand Curve. Types of Demand, Exceptions to the Law of Demand. Elasticity of Demand, Types of Elasticity of Demand, Measurement and Significance of Elasticity of Demand. Demand Forecasting, Need for Demand Forecasting, Methods of Demand Forecasting. (b) Supply, Supply Function, Determinants of Supply, Law of Supply, Elasticity of Supply. (c) Market Equilibrium.

**Unit – III: Production and Cost Analysis:** Production Function, Production Function with One and Two Variables, Cobb-Douglas Production Function, Marginal Rate of Technical Substitution, Isoquant and Iso-cost curves, Returns to Scale, Economies of Scale, Indifference Curve. 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 (with problems).

**Unit – IV: Market Structures- Pricing and Output decisions:** Classification of Market Structures, Features and Competitive Situations. Price-Output Determination under Perfect Competition, Monopoly, Monopolistic Competition and Oligopoly – both the Long-run and the Short-run.

**Unit – V: Pricing Strategies:** 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.

#### **TEXT BOOKS:**

- Geetika, Piyali Ghosh, Purba Roy Choudhury, Managerial Economics, Tata McGraw-Hill, 3e, 2018.
- HLAhuja, Business Economics, S. Chand&Co,13e, 2019.
- D.M. Mithani, Managerial Economics, Himalaya Publishing House,9e,2022.
- Dominick Salvatore, Siddhartha K. Rastogi, Managerial Economics, Oxford Publications, 9e, 2020.

#### **REFERENCE BOOKS:**

- PL Mehta, Managerial Economics, Sultan Chand & Sons,

- Suma Damodaran, Managerial Economics, Oxford Publications, 2e, 2018.
- Satya P. Das & J.K. Goyal, Managerial Economics, Sage Publications, 2e, 2022.
- D M Mithani “Managerial Economics: Theory and Applications”, Himalaya Publication house, Hyderabad, 2 nd edition, 2016.

#### **ELECTRONIC RESOURCES:**

1. [http://www.youtube.com/watch?v=Ht\\_pSz9T\\_ig&list=PLVnh5qI6g-iqch75SsrXdoE-bR\\_D033I7](http://www.youtube.com/watch?v=Ht_pSz9T_ig&list=PLVnh5qI6g-iqch75SsrXdoE-bR_D033I7)
2. [http://www.google.co.in/books/edition/Managerial\\_Economics/9clcDwAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover](http://www.google.co.in/books/edition/Managerial_Economics/9clcDwAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover)
3. [http://www.google.co.in/books/edition/Managerial\\_Economics\\_8th\\_Edition/H7FDDAAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover](http://www.google.co.in/books/edition/Managerial_Economics_8th_Edition/H7FDDAAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover)
4. [http://www.google.co.in/books/edition/MANAGERIAL\\_ECONOMICS/Q53GDgAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover](http://www.google.co.in/books/edition/MANAGERIAL_ECONOMICS/Q53GDgAAQBAJ?hl=en&gbpv=1&dq=Managerial+Economics&printsec=frontcover)

#### **MATERIALS ONLINE:**

1. Course template
2. Tutorial question bank
3. Tech talk and Concept Video topics
4. Open-ended experiments
5. Definitions and terminology
6. Assignments
7. Model question paper – I
8. Model question paper – II
9. Lecture notes
10. PowerPoint presentation
11. Drishya Siksha Sangrah (DSS) Videos

