

INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR
POST GRADUATE DIPLOMA IN MANAGEMENT
Managerial Economics (EC501)
CREDIT: 2 credits
SESSION DURATION: 60 Minutes

TERM: I
YEAR: 2019-2021
BATCH: I (for PGDM)

FACULTY (Name): Dr. Abhay Pant

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Office hours: 10 a.m. to 6 p.m.

Consulting hours: Can be decided based on prior appointment

Course Introduction: This course serves as the first course in Managerial Economics. The focus of the course is on building understanding of economic concepts and tools to facilitate decision-making in business management as well as public policy contexts. A special emphasis is given on conceptual application in Indian contexts.

Learning Outcomes: The specific learning outcomes of the course are:

- To acquaint students with the fundamentals of managerial economics (**L01 Subject Knowledge**)
- To equip participants with various economic concepts and tools of analysis to develop critical thinking and analytical skills to apply under different business situations (**L02 Critical thinking and analytical skills**)
- To apply tools of microeconomic analysis to understand behavior of economic agents (**L03 Reasoning and problem solving skills**)
- To understand and analyze real world business problems from the lens of economics (**L04 Business Application**)

Course Pedagogy: All sessions are lecture based. Applications and case studies are used for illustrative purposes to reinforce the understanding of concepts and tools.

Course Readings

Books:

Besanko, D. and Braeutigam, R. (2015) Microeconomics, 5th Edition, Wiley India. (Hereafter B-B)

Authors	Title	Publisher	Edition	Remarks if any
Besanko, D. and Braeutigam, R. (B-B)	Microeconomics	Wiley India	Fifth Edition	

Additional Readings

Pindyck, R.S. and Rubinfeld, D.L., 2013. Microeconomics. Eighth Edition.

Salvatore, D., 2012. Managerial Economics: Principles and Worldwide Application. *OUP Catalogue*. Seventh Edition.

Course Evaluation criteria:

Individual Component	Learning Outcomes	Weightage (%)
Class Participation (Assessment to be done on the basis of a student's <i>cogent</i> contributions to class discussions. Simply rambling will not be sufficient)	L01 L02	10%
Surprise Quizzes (Two surprise quizzes will be given during the duration of the course. These quizzes will be given in the physical form and will cover both theory and numericals)	L01 L02 L03 L04	20%
Mid-Term Exam (Closed book and will take place after half of the course is finished and will include all application based questions)	L01 L02 L03 L04	30%
End-Term Exam (Closed book and will cover the entire syllabus. All the questions will be application based.)	L01 L02 L03 L04	40%
Total		100%

Plagiarism

We are committed to upholding the highest standards of academic integrity and honesty. Plagiarism is the use of or presentation of ideas, works that are not one's own and which are not common knowledge, without granting credit to the originator. You may refer the already available content just for your reference and to get the basic ideas. Only 20% of such content is acceptable, above that comes under the definition of Plagiarism which is unacceptable in IMI and will be treated seriously. All such cases will be referred to the appropriate body of the Institute for suitable disciplinary action.

Session Plan

Session No.	Topic	Objectives	Reading	Learning Outcomes
1.	Basic Economic Concepts	Understanding how economists think to make sense of the world	Textbook: B-B, Chap-1: Analyzing economic problems Case: Positive and Normative analysis of the minimum wage, pg. 15-16 (B-B)	L01, L02
2.	Consumer Behaviour	To understand how consumers match scarce resources with unlimited wants	Textbook: B-B, Chap-3: Consumer preferences and the concept of utility, pg 59-77 and Chap-4: Consumer choice, pg 83-95 Cases: Blind taste tests, pg. 76 (B-B) The effect of rising petrol prices on driving habits, pg.88 (B-B)	L02, L03
3.& 4.	Demand and Supply Analysis	To understand what and how affects demand and supply of various classes of goods. Understanding how an equilibrium is reached under different conditions	Textbook: B-B, Chap-2: Demand and Supply Analysis, pg 21-33 and Chap 5: The Theory of Demand, pg 121-132 pg. 139-141; pg. 147-151 Cases: A Computer on Every Desk and in Every Home, B-B, pg 31-33. (B-B) Externalities in social networking websites, pg.150 (B-B)	L02, L03, L04
5.	Elasticity	Understanding how to measure the changes in	Textbook: B-B, Chap-2: Demand	L02, L03, L04

		demand and supply	and Supply Analysis, pg 34-44 Case: How people buy cars: The importance of price, pg. 44 (B-B)	
6.	Theory of Production	To understand what are the basic concepts related to production choices	Textbook: B-B, Chap-6: Inputs and Production Functions, pg 163-186 and 188-190 Case: How much is a qualification worth, pg. 194 (B-B)	L02, L03, L04
7.	Theory of Cost	To understand what are the relevant costs and ensuing implications	Textbook: B-B, Chap-7: Costs and Cost Minimization, pg 201-212 and Chap -8: Cost Curves, pg 235-249 Cases: Who is more likely to avoid the sunk cost fallacy, B-B, pg 206 Self-Checkout or Cashier?, pg 212. (B-B)	L02, L03, L04
8.	Competitive Supply	To understand and appreciate how markets behave under perfectly competitive environment	Textbook: B-B, Chap-9: Perfectly competitive markets, pg 267-280 and 303-312 Case: Perfect Competition in Wood Products, pg 271. (B-B)	L02, L03, L04
9.&10.	Impact of Taxes and Subsidies	Understanding how government's policy decisions affect the consumers and suppliers	Textbook: B-B, Chap-10: Competitive markets: Applications Cases: Petrol: The effect of a Frozen	L02, L03, L04

			Fuel Duty, B-B, pg 327-329. (B-B) A Bailout of the King of Cheeses, B-B, pg 351. (B-B)	
Mid Term				
11.	Monopoly and Market Power	To understand how markets behave when market power exist	Textbook: B-B, Chap-11: Monopoly and Monopsony, pg 363-380 and 389-395 Case: Market Power in the Breakfast Cereal Industry, B-B, pg380. (B-B)	L02, L03, L04
12.&13.	Pricing with Market Power	Understanding how to price the product when cost is not the only parameter	Textbook: B-B, Chap-12: Capturing Surplus, pg 405-433 Cases: Education in the First Degree, pg 412-413; Bundling Television, pg 433. (BB)	L02, L03, L04
14.&15.	Monopolistic Competition and Oligopoly	To understand what are the more common market structures and their process of decision- making	Textbook: B-B, Chap-13: Market Structure and Competition, pg 441-456 and 467-470 Cases: Corn Syrup Capacity expansion confirms Cournot, pg. 449-450(BB) Smartphone wars, pg. 462 (B-B)	L02, L03, L04
16.&17.	Competitive Strategy	To appreciate how market structures make decision-making a strategic and competitive process	Textbook: B-B, Chap-14: Game Theory and Strategic Behaviour, pg 477-492. (B-B) Case: Everyone Loses Except	L02, L03, L04

			Lawyers, pg 481. (B-B)	
18.	Economics of Information	To understand and appreciate the cost, benefits, and implications of information	Textbook: B-B, Chap-15: Risk and Information, pg 522-527. Case: Adverse selection in health insurance market, pg. 524-526. (B-B)	L02, L03, L04
19.	Externalities	Are there situations where markets fail due to externalities	Textbook: B-B, Chap-17: Externalities and Public Goods, pg 591-613 Cases: Clearing the Air: The European Carbon Emission Trading Market as a response to climate change pg. 605. (B-B) London's Congestion Charge, pg 607-608. (B-B)	L02, L03, L04
20.	Public Goods	To understand and analyse the problems in provision of public goods	Textbook: B-B, Chap 17: Externalities and Public Goods, pg 613-617. Case: Free Riding on the Public Airwaves, pg. 617. (B-B)	L02, L04