

Semester	I	Specialization	NA
Course Code	102	Type	Generic - Core
Course Title	Economic Analysis for Business Decisions		

Course Objectives:

1	To equip the students of management with time tested tools and techniques of managerial economics to enable them to appreciate its relevance in decision making.
2	To explore the economics of information and network industries and to equip students with an understanding of how economics affect the business strategy of companies in these industries.
3	To develop economic way of thinking in dealing with practical business problems and challenges.

Syllabus:

Unit Number	Contents	Number of Sessions
1	Basic Concepts of Economics: Introduction to Economics , Basic Economic Problem, Circular Flow of Economic Activity , Nature of the firm - rationale, objective of maximizing firm value as present value of all future profits, maximizing, satisficing, optimizing, principal agent problem, Accounting Profit and Economic Profit , Role of profit in Market System , Adam Smith and Invisible Hand.	7 + 2
2	Demand Analysis and Forecasting: Determinants of Market Demand at Firm and Industry level – Elasticity of Demand - Market Demand Equation – Use of Multiple Regression for estimating demand – Case study on estimating industry demand (formulating equation and solving with the aid of software expected) Demand and Supply: Market Equilibrium – Pricing under perfect competition, monopolistic competition, Case study on pricing under monopolistic competition , Oligopoly - product differentiation and price discrimination; price- output decision in multi-plant and multi-product firms.	7 + 2
3	Cost Concepts: Cost Concept, Opportunity Cost, Marginal, Incremental and Sunk Costs, Cost Volume Profit Analysis, Breakeven Point, Case Study on marginal costs. Risk Analysis and Decision Making: Concept of risk, Expected value	7 + 2

	computation, Risk management through Insurance, diversification, Hedging, Decision Tree Analysis, Case Study on Decision tree Technique.	
4	<p>Money and Capital Markets in India: Role and Functions of Money Markets, Composition of Money Market, Money Market Instruments , Reserve Bank of India – Functions , Regulatory Role of RBI w.r.t. Currency, Credit and Balance of Payment, Open Market Operations.</p> <p>Role and Functions of Capital Markets, Composition of Capital market, Stock Exchanges in India, Role of SEBI, understanding of stock market quotations in financial press expected.</p>	7 + 2
5	<p>Public Finance Infrastructure: Familiarity with important terms/agencies/approaches/practices related to National Income (such as GDP, PPP, Growth Rate), Foreign Trade (such as GATT, WTO) and union budget (such as Revenue Account, Capital Account, Revenue Deficit, Fiscal Deficit, Plan and Non-plan expenditure) is expected. Understanding of Summarized budget for the current financial year is required (knowledge of detailed budget provisions not required).</p>	7 + 2

Learning Resources:

1	Text Books	<p>Managerial Economics by Peterson, Lewis, Sudhir Jain, Pearson, Prentice Hall</p> <p>Indian Economy by Datt & Sundaram, 61st Edition, S Chand</p> <p>Managerial Economics by D. Salvatore, McGraw Hill, New Delhi.</p> <p>Managerial Economics by Pearson and Lewis, Prentice Hall, New Delhi</p> <p>Managerial Economics by G.S. Gupta, T M H, New Delhi.</p> <p>Managerial Economics by Mote, Paul and Gupta, T M H, New Delhi.</p> <p>Managerial Economics and Financial Analysis Raghunatha Reddy et.al. Scitech Publications</p> <p>Manegerial Economics Mithani Himalaya Publications</p>
2	Reference Books	<p>Macro Econ- McGuigan/ Moyar/ Harris- CENGAGE Learning</p> <p>Managerial Economics by Homas and Maurice, Tata McGraw Hill, 8th Edition</p> <p>Indian Economy by Mishra and Puri, 24th Edition, Himalaya Publishing House</p> <p>Managerial Economics by Analysis, Problems and Cases, P.L. Mehta, Sultan Chand Sons, New Delhi.</p> <p>Managerial Economics by Varshney and Maheshwari, Sultan Chand and Sons,</p>

		<p>New Delhi.</p> <p>Managerial Economics by Joel Dean, Prentice Hall, USA.</p> <p>Managerial Economics by H L Ahuja, S Chand & Co. New Delhi.</p> <p>Business Economics by Dharmaraj Scitech Publication</p>
3	Supplementary Reading Material	<p>Economic Times Daily</p> <p>Business Standard Daily</p> <p>Business Today</p> <p>Business India</p> <p>Latest Monetary Policy</p> <p>Latest Fiscal Policy</p>
4	Websites	<p>www.rbi.org.in/home.aspx</p> <p>www.macrosan.org</p> <p>www.finmin.nic.in</p> <p>www.indiabudget.nic.in</p>
5	Journals	<p>Economic and Political Weekly</p>