



# GUJARAT TECHNOLOGICAL UNIVERSITY

Syllabus for Master of Business Administration, 1<sup>st</sup> Semester

Subject Name: Micro Economics

Subject Code: 1519507

With effective  
from academic  
year 2020-21

## 1. Learning Outcomes:

Learning Outcome Component	Learning Outcome (Learner will be able to)
Business Environment and Domain Knowledge (BEDK)	<ul style="list-style-type: none"> <li>• <i>Evaluate</i> various costs for understanding and taking managerial decisions.</li> </ul>
Critical thinking, Business Analysis, Problem Solving and Innovative Solutions (CBPI)	<ul style="list-style-type: none"> <li>• <i>Derive</i> the combination of inputs which maximizes profits; optimizes quantity of goods to produce.</li> <li>• <i>Analyze</i> the sensitivity between price- demand and its impact on decision making.</li> </ul>
Global Exposure and Cross-Cultural Understanding (GECCU)	<ul style="list-style-type: none"> <li>• <i>Evaluate</i> the influence of consumer behavior on pricing strategy of a firm.</li> </ul>
Social Responsiveness and Ethics (SRE)	<ul style="list-style-type: none"> <li>• <i>Analyze</i> influence of types of Market structure on pricing strategy.</li> </ul>
Effective Communication (EC)	<ul style="list-style-type: none"> <li>• <i>Evaluate</i> the different market structures and equilibrium for different industries.</li> </ul>
Leadership and Teamwork (LT)	<ul style="list-style-type: none"> <li>• <i>Recommend</i> competitive strategies according to the nature of products, market structures and business cycles.</li> </ul>

## LO – PO Mapping: Correlation Levels:

1 = Slight (Low); 2 = Moderate (Medium); 3 = Substantial (High), “-“= no correlation

Sub. Code:	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9
<b>LO1:</b> Evaluate various costs for understanding and taking managerial decisions	3	1	1	1	-	2	-	2	-
<b>LO2:</b> Derive the combination of inputs which maximizes profits; optimizes quantity of goods to produce.	1	2	-	-	3	-	-	-	1
<b>LO3:</b> Analyze the sensitivity between price- demand and its impact on decision making	2	2	-	3	-	-	-	-	2
<b>LO4:</b> Evaluate the influence of consumer behavior on pricing strategy of a firm.	3	2	1	-	3	-	-	-	1



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<b>LO5:</b> <i>Analyze</i> influence of types of Market structure on pricing strategy.	2	1	-	-	3	2	3	3	1
<b>LO6:</b> <i>Evaluate</i> the different market structures and equilibrium for different industries.	2	-	1	-	3	-	3	-	3
<b>LO7:</b> <i>Recommend</i> competitive strategies according to the nature of products, market structures and business cycles.	1	3	2	-	-	3	-	1	1

**2. Course Duration:** The course duration is of **45 sessions of 60 minutes** each.

### 3. Course Contents:

Module No.	Module Content	No. of Sessions	Marks (out of 70)
I	<p><b>Introduction to Managerial Economics:</b></p> <ul style="list-style-type: none"> <li>• Meaning &amp; Definition of Managerial Economics</li> <li>• Nature, Scope &amp; Characteristics</li> <li>• Managerial Decision Making and Forward Planning.</li> </ul> <p><b>Principles of Managerial Economics:</b></p> <ul style="list-style-type: none"> <li>• Opportunity cost principle</li> <li>• Marginal &amp; incremental principle</li> <li>• Equi-marginal principle</li> </ul> <p><b>Demand &amp; Supply:</b></p> <ul style="list-style-type: none"> <li>• Concepts of Demand &amp; Supply</li> <li>• Determinants of Demand &amp; Supply</li> </ul>	10	14
II	<p><b>Consumer behavior &amp; theory of Demand Utility:</b></p> <ul style="list-style-type: none"> <li>• Law of Diminishing Marginal Utility</li> <li>• Indifference curve</li> <li>• Law of Diminishing Marginal Rate of Substitution (LDMRS)</li> </ul> <p><b>Consumers Equilibrium &amp; Theory of Consumer Surplus</b></p> <p>Income and Substitution Effects.</p>	10	21



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	<p><b>Types of Goods:</b> Normal, Inferior and Giffen Goods.</p> <p><b>Elasticity of demand:</b></p> <ul style="list-style-type: none"> <li>• Measuring elasticity</li> <li>• Factors affecting elasticity</li> </ul> <p><b>Demand forecasting</b> – need - steps in demand forecasting</p>		
<b>III</b>	<p><b>Theory of Costs and Production:</b></p> <p><b>Classification of costs</b></p> <ul style="list-style-type: none"> <li>• Short run cost-output relationship</li> <li>• Long run average and marginal cost curves</li> <li>• Use of Long run average cost curve</li> <li>• Traditional Approach &amp; Modern Approach</li> </ul> <p><b>Production Function:</b></p> <ul style="list-style-type: none"> <li>• Linear homogeneous production function</li> <li>• Law of variable proportions</li> <li>• Economies and Diseconomies of Scale               <ul style="list-style-type: none"> <li>○ Laws of Return to scale – Optimal combination of resources</li> <li>○ Producer 's equilibrium in perfect and imperfect markets</li> </ul> </li> </ul>	10	14
<b>IV</b>	<p><b>Forms of Market, Equilibrium and Pricing:</b></p> <p><b>Price and Output determinations:</b></p> <ul style="list-style-type: none"> <li>• Characteristic features of Different Market Structures</li> <li>• Perfect &amp; Imperfect Markets</li> <li>• Price and Output Decisions Under Different Market Structures               <ul style="list-style-type: none"> <li>○ Perfect competition</li> <li>○ Monopolistic Competition</li> <li>○ Monopoly</li> <li>○ Oligopoly</li> </ul> </li> <li>• Excess capacity under monopolistic competition</li> <li>• Pricing under discriminating monopoly</li> </ul> <p><b>Pricing Policies &amp; Practices:</b></p> <ul style="list-style-type: none"> <li>• Factors governing prices</li> <li>• Objectives of pricing policy</li> <li>• Role of cost &amp; demand in pricing</li> <li>• Pricing methods               <ul style="list-style-type: none"> <li>○ Cost-plus or full-cost pricing</li> <li>○ Target pricing</li> <li>○ Marginal cost pricing</li> <li>○ Going rate pricing</li> <li>○ Follow up pricing</li> <li>○ Barometric pricing</li> <li>○ Customary prices</li> </ul> </li> </ul>	10	21



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	<ul style="list-style-type: none"><li>• Pricing of new products<ul style="list-style-type: none"><li>○ Penetrating pricing, Price skimming</li><li>○ Pricing products of lasting distinctiveness and perishable distinctiveness</li></ul></li></ul>		
V	<b>Practical:</b> Collect data of the pricing practices followed for different products and analyze or Any other topic which has contemporary practical relevance		Internal evaluation (30 marks of CEC)

\* Practical Sessions of Office Automation tools must be taken into Computer Lab

#### 4. Pedagogy:

- ICT enabled Classroom teaching
- Case study
- Practical / live assignment
- Interactive class room discussions

#### 5. Evaluation:

Students shall be evaluated on the following components:

	Internal Evaluation	(Internal Assessment- 50 Marks)
A	<ul style="list-style-type: none"><li>• Continuous Evaluation Component</li></ul>	30 marks
	<ul style="list-style-type: none"><li>• Class Presence &amp; Participation</li></ul>	10 marks
	<ul style="list-style-type: none"><li>• Quiz</li></ul>	10 marks
B	Mid-Semester examination	(Internal Assessment-30 Marks)
C	End –Semester Examination	(External Assessment-70 Marks)

#### 6. Text / Reference Books:

Sr. No.	Author	Name of the Book	Publisher	Year of Publication
1	Dwivedi, D. N.	Managerial economics	Vikas Publishing House	Latest
1	Cherunilam, F.	Business environment	Himalaya Publishing House.	Latest
2	D.M. Mithani	Managerial Economics: Theory and applications	Himalaya Publishing House	Latest
3	Dr. S. Sankaran	Managerial Economics	Margham Publications	2013



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4	M H Navalur & K K Dewett	Modern Economic Theory (Theory and Policy)	S. Chand Publishing	Latest
5	Mote V L, Paul. S & Gupta G S	Managerial Economics	Tata McGraw Hill	Latest
6	H. Craig Petersen & W. Cris lewis	Managerial Economics	Prentice-Hall	Latest
7	H.L Ahuja	Managerial Economics	S Chand	Latest

Wherever the standard books are not available for the topic appropriate print and online resources, journals and books published by different authors may be prescribed.

## **7. List of Journals/Periodicals/Magazines/Newspapers, etc.**

1. Harvard Business Review
2. Vikalpa – A Journal for Decision Makers
3. Management Review
4. Business Standard/Economic Times/Financial Times/ Financial Express/
5. Economic & Political Weekly
6. Asian Journal of Research in Business Economics
7. Indian Journal of Economics and Development