

ECON7001	Economics & Management Decisions	L	T	P	C
Version 1.0		3	0	0	3
Pre-requisites/Exposure	Basic Knowledge of Micro & Macro economics				
Co-requisites					

Course Objectives

The objectives of this course are:

1. To understand the demand and supply forces in the economy.
2. To forecast demand for various Industries
3. To discuss the implications of different companies product positioning strategy
4. To analyze the interaction of government and market forces in the economy
5. To analyze various macroeconomic factors that affect business environment.
6. To critically analyze production and market strategies of firms in various Industry

Course Outcomes

Upon successful completion of the course a student will be able to:

- CO1. The students will **understand** the roles of managers in firms and what and how are the internal and external decisions to be made by managers
- CO2. **Analyze** the demand and supply conditions and assess the position of businesses. It enhances the ability of the students to apply economic concepts to complex business realities and it also helps in business forecasting.
- CO3. Students will **learn** the concepts of cost, nature of production and its relationship to costs.
- CO4. To **design** competition strategies, including costing, pricing, product differentiation, and market environment, according to the natures of products and the structures of the markets.
- CO5. Students will **learn** the real world events and changes of the fiscal and monetary policies.
- CO6. To **enhance** the understanding of the prevailing economic and business policy in total and its impact on economy.

Course Content

Unit I:

4 lecture hours

Introduction to Managerial Economics, Scope and Importance, Demand Analysis, Elasticity of Demand, Demand Forecasting

Unit II:

5 lecture hours

Supply, Demand and Supply as Market Forces and Market Equilibrium. Cost and Production

Unit III:

8 lecture hours

Market Structure and Pricing under Various Market Forms. Pricing Methods. Profit Analysis with Special Reference to BEP.

Unit IV

7 lecture hours

National Income Accounting, Business cycles, Inflation, Monetary and Fiscal Policies

Text Books

1. Salvatore, Dominick (Adapted version – S.K. Rastogi)(2012); Managerial Economics Principles and Worldwide Applications Eighth Edition, Oxford University Press
2. Peterson and Lewis(2006);Managerial Economics, Prentice-Hall India
3. Paul G.Keat and Philip K.Y Young(2011);Managerial Economics, Pearson Education
4. Glenn hubbard and Anthony Patric O’Brien(2015);Macroeconomics, Pearson Education

Reference Books

1. Gregory Mankiw; Principles of Microeconomics, Cengage Learning Publications
2. Samuelson and Nordhau; Economics, TMH Publishers Ltd., New Delhi
3. Koutsoyanni; Modern Microeconomics, Macmillan India Limited, New Delhi
4. Samuelson and Nordhaus; Economics, TMH Publishers Ltd., New Delhi
5. R.Glenn Hubbard, Anthony Patrick O’Brien; Macroeconomics, Pearson Education

Modes of Evaluation: Quiz/Assignment/ presentation/ extempore/ Written Examination Examination Scheme:

Components	Class Test	Assignment	Presentation	ESE
Weightage (%)	10	20	20	50

Relationship between the Course Outcomes (COs) and Program Outcomes (POs)

Mapping between COs and POs		
	COURSE OUTCOMES (COs)	POs
CO 1	The students will understand the roles of managers in firms and what and how are the internal and external decisions to be made by managers	PO 1,2, 3,4,7,8,9,10, 11,13, 14
CO 2	Analyze the demand and supply conditions and assess the position of businesses. It enhances the ability of the students to apply economic concepts to complex business realities and it also helps in business forecasting.	PO 1,2, 3, 7,8,9,10, 11,14
CO 3	Students will learn the concepts of cost, nature of production and its relationship to costs.	PO 1,2, 3, 8,9,10, 11, 13,14
CO 4	To design competition strategies, including costing, pricing, product differentiation, and market environment, according to the	PO 4,5, 8,12,13, 14

	natures of products and the structures of the markets	
CO 5	Students will learn the real world events and changes of the fiscal and monetary policies	PO 1,2, 3,8,9,10,11
CO 6	To enhance the understanding of the prevailing economic and business policy in total and its impact on economy	PO 1,2, 3,8,9,10,11


Program Outcome / Course Outcome mapping

Course Outcomes	CO 1	CO 2	CO 3	CO 4	CO5	CO 6
PO 1	3	3	3	2	3	3
PO 2	3	3	3	2	3	3
PO 3	3	3	3	2	3	3
PO 4	3	1	1	3	3	2
PO 5	2	2	1	3	1	2
PO 6	1	1	1	1	1	1
PO 7	1	1	1	2	2	1
PO 8	1	1	1	1	3	1
PSO 9	3	3	3	1	1	2
PSO 10	3	3	3	2	1	2
PSO 11	3	3	3	2	2	2
PSO 12	1	1	1	3	2	2
PSO 13	3	1	3	3	3	2
PSO 14	3	3	3	3	3	2

Course Code	Course Title	PO 1	PO 2	PO 3	PO 4	PO 5	PO 6	PO 7	PO 8	PSO 9	PSO 10	PSO 11	PS12	PSO 13	PS O1 4
LSCM 8004	Multimodal Transportation	3	3	3	2	2	1	1	1	2	2	3	2	3	3
		Students will be able to develop and evaluate alternate managerial decisions and identify optimal solutions	Students will demonstrate effective application capabilities of their conceptual understanding to the real world business situations	Students will be able to exhibit effective decision making skills, employing analytical and critical thinking ability	Students will demonstrate effective oral and written communication skills in the professional context	Students will be able to work effectively in teams and demonstrate team building capabilities	Students will exhibit leadership and networking skills while handling business situations	Students will demonstrate sensitivity towards ethical and moral issues and have ability to address them in the course of business	Students will demonstrate employability traits in line with the changing dynamics of the industry	Students will demonstrate strong conceptual knowledge in the functional area of management as well as LSCM domain	Students will demonstrate effective understanding of relevant functional areas of management and their application in LSCM	Students will demonstrate analytical skills in identification and resolution of business problems pertaining to LSCM & general management	Students will exhibit the ability to integrate functional areas of management with domain perspective for the purpose of planning, implementation & control of LSCM	Students will have global perspective towards business situations in the area of LSCM	Students will exhibit deployable skills pertinent to the LSCM sector

- 1 – Weakly mapped
- 2 – Moderately mapped
- 3 – Strongly mapped

Model Question Paper

Name: Enrolment No:			
End Semester Examination-December, 2017			
Program/course: MBA – LSCM		Semester : I	
Subject: Economics and Management Decisions		Max. Marks : 100	
Code : ECON7001		Duration : 3 Hrs	
Section A (attempt all)			
1.	. If A and B are complements, an increase in the price of good A would: a) have no effect on the quantity demanded of B. b) lead to an increase in demand for B. c) lead to a decrease in demand for B. d) none of the above.	[2]	CO1
2.	If a shortage exists in a market, the natural tendency is for: a) demand to increase. b) price to increase. c) quantity supplied to decrease. d) no change in the market.	[2]	CO1
3.	Suppose that supply increases and demand decreases. What effect will this have on price and quantity? a) price will increase and quantity may rise or fall. b) price will decrease and quantity will increase. c) price will decrease and quantity will decrease. d) none of the above.	[2]	CO2
4.	Joe prefers a three pack of soda to a six-pack. What properties does this preference violate? a) Completeness. b) Transitivity. c) More is better. d) Diminishing MRS. e) All of the above.	[2]	CO1

5.	How does a decrease in the price of good X affect the market rate of substitution between goods X and Y? a) it increases. b) it decreases. c) remains unchanged. d) indeterminable without more information.	[2]	CO3
6.	Along the same indifference curve, MRS is a) constant as more of one good is obtained. b) increasing as more of one good is obtained. c) decreasing as more of one good is obtained. d) varying irregularly as more of one good is obtained.	[2]	CO3
7.	Changes in the price of an input cause: a) Isoquants to become steeper. b) Slope changes in the isocost line. c) Parallel shifts of the isocost lines. d) Changes in both the isoquants and isocosts of equal magnitude.	[2]	CO5
8.	The short-run is defined as the time-frame a) in which there are no fixed factors of production. b) in which there are fixed factors of production. c) less than one year. d) less than three years.	[2]	CO1
9.	In a competitive industry with identical firms, long run equilibrium is characterized by a) $P = AC$. b) $P = MC$. c) $MR = MC$. d) All of the above.	[2]	CO1
10.	The source(s) of monopoly power for a monopoly may be: a) economies of scale. b) economies of scope. c) patents. d) all of the above.	[2]	CO2
SECTION B (Answer all the questions)			
1.	What are the major sources of information that can be used to estimate demand? What are the major benefits and drawbacks of each?	[5]	CO1
2.	What is the difference between explicit and implicit costs? Why do economists bother with implicit cost?	[5]	CO3
3.	Identify and explain 3 barriers to entry which can be sources of monopoly power.	[5]	CO5
4.	Sales at a store are currently \$450,000 per year. If sales are predicted to increase by 5% per year, forecast sales for each of the next 4 years.	[5]	CO1
SECTION C (Answer any two)			
5.	A firm sells its product in two separable and identifiable markets. The company's total cost function is $TC = 6 + 10Q$. The demand equations for its product in the two markets are	[15]	CO1

	$Q_1 = 10 - (0.2) P_1$ $Q_2 = 10 - (0.2) P_2$, where $Q = Q_1 + Q_2$ <ol style="list-style-type: none"> Assuming that the second order conditions are satisfied, calculate the profit-maximizing price and output level in each market. Verify that the demand for the company's product is less elastic in the market with the higher price. Give the firm's total profit at the profit maximizing prices and output levels. 		
8.	Critically analyze the advantages and disadvantages of quantitative and qualitative methods of demand forecasting. Consider a firm that wants to enter the mobile phone industry, which type of forecasting techniques it can apply to forecast demand for its mobile?	[15]	CO4, CO5
9.	Critically analyze the advantages and disadvantages of quantitative and qualitative methods of demand forecasting. Consider a firm that wants to enter the mobile phone industry, which type of forecasting techniques it can apply to forecast demand for its mobile?	[15]	CO2, CO3
10.	<p>The Britannia Industries Limited's short-run average cost function in 2017 is</p> $AC = 10 + 5Q$, where AC is the average cost in rupees per quintal of the product and Q is its output. <ol style="list-style-type: none"> Obtain an equation for the firm's total cost function. Does the firm have any fixed costs? Explain. If the price of the Britannia Industries Limited's product (per quintal) is 100 rupees, is the firm making profits or losses? Explain 	[15]	CO2, CO4
Section D (This section is compulsory)			
11.	Define monopoly. What are the various factors that give rise to monopoly? How does the monopolist's demand curve differ from a perfectly competitive firm's? Compare the profit maximizing level of output for a perfectly competitive and monopoly firm. Give real world examples of perfect competitive markets and different types of monopoly markets.	[20]	CO1, CO2
12.	Case Study	20	CO5, CO6