

COURSE TITLE:
ECONOMIC ANALYSIS: MICRO LEVEL (MICROECONOMICS) Course code: FII02
COURSE NAME: MICRO ECONOMICS
YEAR /TRIMESTER, I/2017
AMRITA VISHWA VIDYAPEETHAM (UNIVERSITY)
MBA PROGRAMME. KOCHI

1. Course Objectives

- To introduce analytical concepts and models governing the behaviour of Consumers and business firms, and to introduce market structure and pricing of commodities. These concepts and models along with tools and techniques of decision sciences would form the basic framework for Managerial Economics.
- To help in decision making relating to investment and financing, choice of production techniques, choice of input combinations, output level, product pricing, etc. With these, the business manager will have a kit of tools and techniques to search for optimal solutions to managerial decision problems.

2. Overall Learning outcomes on completion of the course

Upon completion of this course, students will be able to complete the following key tasks:

- Critically judge the ideologies of different economic systems and analyse the pros and cons of each system.
- Analyse the role of market and the state, the concept of market failure and its impact on the environment.
- Understand the behaviour of markets under competitive environment and the pricing mechanism of the commodities.
- Measure elasticities of different commodities and examine the impact of pricing policies.
- Understand the role of regulation and its impact on the economic decision making of firms and individuals and the impact on the society.
- Measure the impact of taxes and subsidies and its impact on the businesses.
- Understand the different stages of production function in the long run behaviour of the firm.
- Differentiate accounting costs from economic costs and be able to understand the implicit costs while doing project evaluations.
- Arrive at right production decisions of the firm and arrive at the efficiency frontiers using the production function.
- Arrive at profit maximising price and outputs for the firm given its revenue and cost functions.
- Understand the nature of markets for different commodities and pricing and output decisions under different market scenarios.
- Evaluate the efficiency of competitive markets and inefficiencies under monopoly.

3. Prerequisite understanding / readings

Students should have good foundation of mathematics – basics of arithmetics, geometry and differential calculus.

Prescribed Text Book:

***The Micro Economy Today* by Bradley R Schiller, Eleventh edition, Tata Mcgraw Hill.**

Other Text book readings

***Microeconomics for MBAs*, Richard B Mckenzie and Dwight R Lee, Second edition, Cambridge**

***Microeconomics*, R. Glenn Hubbard and Anthony Patrick O'Brien.2006 edition, Pearson Education**

4. Course content (Primary topics – Must to be covered)

DETAILS OF SESSION: COURSE SCHEDULE				
Session No.	Topic	Chapter in the prescribed text (Bradley Schiller)	Learning outcomes	Any cases/articles/links to web references (These are only suggestive and indicative and is left to the course instructor to be covered)
1	Introduction to Economics The role of state and market and introduction to the types of perfect and imperfect markets	Chap 1.	At the end of the chapter the student will be able to understand the role of economics in managerial decision making.	Case study on types of economic systems
2,3,4,5and 6	Demand and Supply, Equilibrium in competitive market, impact of government regulations, market failures	Chap 3, 4, 5 and 13	Understand the role of demand and supply in price determination of a commodity. Appreciate the concept of equilibrium and disequilibrium and understand the role of price and other factors in influencing the demand and supply and therefore the equilibrium in the market. The student should be able to differentiate the price determination in a free market economy and the distortions caused in the market through government policies.	Case on Sales Forecasting: Beer Demand at Anadolu Efes Solving Mathematical problems on supply and demand
7	Consumer Behaviour and Behavioural Economics	Chap 5, Chap 9 of the text book by Hubbard & O'Brien pgs: 282-290 (will be circulated)	At the end of the chapter the student will be able to understand the behaviour of consumer as an economic agent and also a social and psychological entity. Understand the concept of rationality and irrationality with respect to consumer behaviour which if	Suggested readings Predictably Irrational: The Hidden Forces That Shape Our Decisions is a 2008 book by Dan Ariely, Harper Collins Freakonomics: A Rogue Economist

COURSE OUTLINE
YEAR: 2017-19 (TRIMESTER-I)

			understood could be an interesting tool for marketing of the produce for the seller and be a rational consumer for a buyer.	Explores the Hidden Side of Everything. Steven Levitt and Stephen J. Dubner.
8,9,10,11	The Theory of Production and costs, Production function and cost functions	Chap 6	Be able to estimate a production function given different output and input scenarios and choose the right combination of inputs in the production process.	Problems with data to work on production functions, cost functions and technical efficiency Case on 'Macmillan India: Arriving at the right number of copies'
Post Mid term				
12, 13	Perfect Competition	Chap 7 and 8	In the following chapters the student will be able to understand the nature of a market for a product and therefore analyse the price and output strategies for the firm accordingly.	Exercises to work on revenue and cost and competitive equilibrium in perfect competitive markets like local vendors, laundry shops, etc
14,15	Monopoly and Regulation of Business	Chap 9 and 12	The student should be able to differentiate competitive markets from that of market power and understand as to why competitive markets are economically efficient.	Cases on Antitrust act – Microsoft, Google, Apple, etc
16	Monopolistic Competition	Chap 11		Projects to Identify monopolistic markets (products) in the industry and different product differentiation techniques adopted by firms which led to assuming brand powers
17,18	Oligopoly, Game theory and Competitive Strategy	Chap 10		Introduction to different types of games requesting students to build pay off matrix, dominant strategies, Nash equilibrium, etc
19-20	New Institutional Economics, Property rights, Markets with Asymmetric Information	Chap 17 of Pindyck et al, Chap 5, 17 of Hubbard & Brien (will be circulated)		Secondary topics below
21-24 and the remaining sessions are allotted for presentations/case discussions etc.				

5. Secondary topics (that could be left to the course instructors)

1. New Institutional Economics – Information asymmetry, Moral Hazard, Principal agent problem, Problem of adverse selection, Prisoner’s dilemma and Nash Equilibrium, Externalities and Market failure
2. Property rights, Ill defined property rights, Hardin’s Tragedy of Commons, Collective Action and Assurance Problem.

Chap 17 of Pindyck, Rubinfeld and Mehta, 2009, Microeconomics. Pearson Education, 7th Edition, Chap 5 and 17 of the text book by Hubbard & O’Brien pgs: (will be circulated)

6. Evaluation Components and weights

Components and Weights

Components	Weightage (%)
Class participation in case discussions, Quiz*	10
Group Assignment with presentation*	10
Project report	20
Mid term	20
End term	40
Total	100%

* Instructor reserves the right to change the proportion of marks assigned for the * (star) components. She/he will announce the changes in the class well in advance.

7. Any specific pedagogical tools/innovative methods of teaching to be shared.

Tentative Assignment/Project Topics (for a group of 7-8)

1. Compare the Sales forecasting techniques and analyse sales forecasting using the demand function for any product in the market.
2. Experiment with behavioural economics with a targeted group and analyse the following behaviour.....failing to ignore sunk costs, endowment effect, business implications of fairness, network externalities, ignoring non-monetary opportunity costs, being overly optimistic of future behaviour.
3. Build production function for a product of a firm and arrive at the efficiency frontier and measure the technical efficiency of the firm.
4. Analyse the implicit costs incurred by the firms/project in doing a benefit cost analysis.
5. Examine the role of regulation and changes in regulation (taxes, subsidies and other regulations) in a key industry (like petroleum, cement or steel industry) and analyse the implications on supply, demand and pricing decisions for the product.
6. Compare and contrast a product in a competitive market as against a product in monopolistic or oligopolistic markets and elaborate its impact on prices, output and on the consumers.
7. Examine the competitive wars (price war) in an oligopoly market and apply the concepts of oligopoly markets to the empirical data.
8. Examine product differentiation in the oligopoly markets and examine the technological war in one of the oligopoly industries.
9. Analyse a price discriminating monopolist and show how he maximises his profits through discrimination than levying a single price to all consumers.

INSTRUCTOR AND CONTACT INFORMATION

Dr. Sushanta Kumar Mahapatra, Professor
E-mail: sushanta_mahapatra@asb.kochi.amrita.edu
sushantamahapatra2014@gmail.com, Mobile-+91-95398 39026