Course Code: ECON-328

Title: Managerial Economics
Credit Hours: 03
Prerequisite: Intermediate Microeconomics, Calculus-II

Course Objectives:

The main objective of this course is to make the students familiar with economic theory and tools essential to the analysis and solution of those problems that have significant economic consequences both for the firms and society at large. After taking this course a student will be able to suggest solutions to such business problems as optimization of output mix, input combination and profit maximization

Learning Outcomes:

At the end of the course, students will able to learn:

- Application and real world managerial practice
- Concepts will be applied in long run for efficiency of business

Course Contents:

Nature, Scope and Overview of Managerial Economics	The Nature and Scope of Managerial Economics, Firms and Managerial Objectives, The Managerial decision making process, Economic Optimization, Firms and Profits, Marginal Analysis, Theory of the firm. Profit maximization, Cost Minimization. Economic optimization.
Market Forces: Demand and Supply Analysis,	Demand, Supply and Equilibrium, Demand Analysis, Elasticity, use of derivative in finding elasticity of demand & supply, use of various forms of elasticity in decision making, Measuring Economic Relationships, Statistical Relations and Regression Analysis, Simple linear regression model, Multiple linear

Estimation and Forecasting	regression model estimation. Forecasting, Methods of demand forecasting. Interpretation of estimated results
Production and Cost	Theory of Production and cost, Production functions. Economies of scale and Diseconomies of scale. Optimization of multivariate functions, maxima, minima, point of inflection and their use in economic decision making.
Market Structure	Pricing decision under Perfect Competition, Monopolies, Monopolistic Competition and Oligopoly. Pricing Strategies for Firms in the short run and long run. Mark up pricing. Price Discrimination, Monoposony and Multiplant Monopoly and measuring Firms' Performance, Making Decisions under Noncompetitive Conditions. Game Theory: Pricing Strategies for Firm with Market Power.
Linear Programming	Linear Programming using Microsoft Excel solver: Ingredients of Linear Programming, Assumption etc. Application of Linear Programming. Profit Maximization problems using graphical approach. Cost Minimization problems using graphical approach. The concept of dual, duality theorem, solving primal via dual and their economic applications.
Capital Budgeting and Investment	Project appraisal/ capital budgeting, Investment Criteria and Decisions. Cash flow estimation, Net present value (NPV) Internal Rate of Return (IRR)

Teaching Methodology:

- To deliver lectures on topics included in course outline
- To require each student to solve independent assignments on topics included in the course.

Evaluation Criteria:

Evaluation Method	
Quizzes/Assignments	
Mid-Term Exam	
Final-Term Exam	

Recommended Books:

- Baye, Michael, Managerial Economics and Business Strategy. Sixth Edition. Boston: McGraw-Hill Irwin, latest edition.
- Mark, Hirschey. (2003). Managerial Economics, latest edition, Thomson/South-Western College Publishing.

- Peterson, Craig, H., Lewis, W. Cris and Jain, Sudhir, K. (2009). Managerial Economics, latest Edition Pearson Education.
- Salvatore, D. (2001). Managerial Economics, McGraw Hill