

Gujarat University

K. S. School of Business Management and Information Technology
[Five Years' (Full – Time) M.B.A. Integrated Degree Course]

Second Year B.B.A. (Sem - IV)

Code: KS-MBA-DSC-C-243

Firms and Markets

Course Credit: 4

Instructions: The course is designed to enhance the understanding of how firms take pricing decisions in the market. The course is included in the Discipline Specific Course – Core Courses of NEP. There will be approximately 55 to 60 hours direct teaching in the semester. At least two assignments in the semester would be given to the students in this subject.

Objective: Production is dependent on demand of the consumer on one end and the types of markets on the other. This course aims at making the students aware of different market structures and how the firm reacts individually in different situations. The course will, therefore, give the students the various strategies of what to produce and how much to produce in the competitive environment and their pricing decisions.

Program Outcomes: The learning at the Second Year of the MBA programme, focus more on practical orientation of the various subjects. For business to grow and flourish, competitive edge is the need of the hour. The application based study of the concepts, introduced in various subject areas, prepares students to face any kind of market competition and make them able to deliver best in any circumstances.

Course Outcomes: This course curriculum will enable the students to understand how a firm can use price and output to maximise its profits based on the type of market it operates in.

Detailed Syllabus:

Module 1:

[25%]

- General Equilibrium of a firm
 - Total Cost - Total Revenue Approach,
 - Marginal cost – Marginal Revenue Approach.
- Perfect competition
 - Features of Pure Competition,
 - Equilibrium,
 - Shutdown Point,
 - Supply Curve,
 - Price determination.

Module 2:

[25%]

- Monopoly
 - Features
 - Types of Monopoly

- Causes of origin
- Equilibrium –Short run, Long run
- Multiplant Monopoly
- Price Discrimination – Definition, Degrees, Dumping
- Social cost of monopoly

Module 3:

[25%]

- Monopolistic Competition
 - Features
 - Equilibrium
 - Group equilibrium
 - Excess capacity
 - Non price Competition
 - Selling Cost and its effect on shape and position of Demand curve
- Duopoly –
 - Cournot’s model
 - Reactions Curve Approach

Module 4:

[25%]

- Oligopoly
 - Features
 - Classification
 - Kinked Demand Curve Model.
 - Price leadership
 - Collusive Oligopoly
 - Non Collusive Oligopoly – case of Prisoners Dilemma.
- Pricing practices & strategies
 - Cost oriented pricing – cost plus pricing, Managerial Cost Pricing, Rate of return pricing
 - Competition oriented pricing – Going rate price, Loss leader. Customary pricing, etc
 - Pricing based on other Economic Considerations – Administered Pricing, Dual Pricing.

Reference Books:

- Managerial Economics by P. L. Mehta (Sultan Chand)
- Micro Economic Theory by H. L. Ahuja (S. Chand)

Mode of Evaluation:

Continuous Evaluation 30%
 Mid Semester Exam 20%
 End Semester Exam 50%

Assessment Tools: Test, Quiz, Assignments, Presentation, Project etc.