B. Tech III Year I Semester

JNTUA COLLEGE OF ENGINEERING (AUTONOMOUS) PULIVENDULA 19AHS14a-MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Humanities Elective-I)(Common to

CEBME

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Course Objectives:

- To inculcate the basic knowledge of micro economics and financial accounting.
- To make the students learn how demand is estimated for different products, input-output relationship for optimizing production and cost.

UNIT-1

Introduction to Managerial Economics:

Definition of Managerial Economics, Nature and Scope – Managerial Economics and its relation with other subjects- Basic economic tools in Managerial Economics.

Demand Analysis & Elasticity of Demand: Meaning- Demand distinctions- Demand determinants- Law of Demand and its exceptions, Types of Elasticity of demand - Measurement of price elasticity of demand, Significance of Elasticity of Demand.

Demand Forecasting: Meaning - Factors governing demand forecasting - Methods of demand forecasting - Forecasting demand for new products.

Learning Outcomes:

At the end of this unit, the student will be able to

• Know the nature and scope of Managerial Economics and its importance.

L1

• Understand the concept of demand and its determinants.

L2

UNIT-II

Theory of Production: Production Function- Isoquants and Isocosts, MRTS, Cobb-Douglas Production function.

Cost Analysis: Cost concepts, Opportunity cost, Fixed Vs Variable costs, Explicit costs Vs. Implicit costs, Out of pocket costs vs. Imputed costs. Break even analysis -Determination of Break-Even Point (simple problems) - Managerial Significance and limitations of BEP.

Learning Outcomes:

At the end of this unit, the student will be able to

• Know the production function, Input-Output relationship and different cost concepts.

L1

• Apply the least-cost combination of inputs.

L2

UNIT - III

Introduction to Markets: Market structures: Types of competition, Features of Perfect Competition, Monopoly and Monopolistic Competition. Price-Output Determination under Perfect Competition, Monopoly, Monopolistic Competition.

Pricing Policies: Methods of Pricing-Marginal Cost Pricing, Limit Pricing, Market Skimming Pricing, Penetration Pricing, Bundling Pricing, and Peak Load Pricing. Internet Pricing Models: Flat rate pricing, Usage sensitive pricing, Transaction based pricing, Priority pricing, charging on the basis of social cost, Precedence model, Smart market mechanism model.

Learning Outcomes:

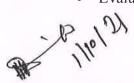
At the end of this unit, the student will be able to

• Apply the price output relationship in different markets.

L1

• Evaluate price-output relationship to optimize cost, revenue and profit.

L₂



UNIT - IV

Types of Industrial Organization: Characteristic features of Industrial organization, Features and evaluation of Sole Proprietorship, Partnership, Joint Stock Company, State/Public Enterprises and their types.

Capital Budgeting: Introduction to capital, Meaning of capital budgeting, Need for capital budgeting — Capital budgeting — Capital budgeting — Capital budgeting: Payback Method, Accounting Rate of Return (ARR), IRR and Net Present Value Method (simple problems).

Learning Outcomes:

At the end of this unit, the student will be able to

•	Know the concept of capital budgeting and its importance in business.	L1
•	Contrast and compare different investment appraisal methods.	L2

UNIT - V

Introduction to Financial Accounting: Introduction to Double-entry system, Journal, Ledger, Trial Balance-Final Accounts (with simple adjustments) - Limitations of Financial Statements.

Interpretation and analysis of Financial Statement: Ratio Analysis - Liquidity ratios, Profitability ratios and solvency ratios - Preparation of changes in working capital statement and fund flow statement.

Learning Outcomes:

At the end of this unit, the student will be able to

•	Know the concept, convention and significance of accounting.	- 4L1
•	Apply the fundamental knowledge of accounting while posting the journal entries.	L2

Text Books:

- 1. J.V. Prabhakar Rao: Managerial Economics and Financial Analysis, Maruthi Publications, 2011.
- 2. Prof. C.Viswanatha Reddy: 'Financial Accounting-1' Himalaya Publishing House, Newdelhi.

Reference Books:

- 1. A R Aryasri Managerial Economics and Financial Analysis, TMH 2011.
- 2. Suma damodaran- Managerial Economics, Oxford 2011.
- 3. S.A. Siddiqui & A.S. Siddiqui, Managerial Economics and Financial Analysis, New Age International Publishers, 2011.
- 4. N. Appa Rao. & P. Vijaya Kumar: 'Managerial Economics and Financial Analysis', Cengage Publications, New Delhi, 2011.

Course Outcomes:

At the end of this Course the student will be able to

•	Be able to perform and evaluate present worth, future worth and annual worth analyses on one of more economic alternatives.	L1
•		L2
•		L3
•		L4.
•	Students can analyze how to invest their capital and maximize returns.	L5