

B.Tech III Year I Semester

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

(Humanities Elective-I)(Common to ~~CE&ME~~)

CE&ME

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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**

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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 decisions (Examples of capital budgeting) - Methods of 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. L1
- 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
- Be able to perform and evaluate payback period and capitalized cost on one or more economic alternatives. L2
- Be able to carry out and evaluate benefit/cost, life cycle and breakeven analyses on one or more economic alternatives. L3
- Evaluate the capital budgeting techniques. L4
- Students can analyze how to invest their capital and maximize returns. L5