

IT7T1	MANAGERIAL ECONOMICS AND FINANCIAL ACCOUNTANCY	Credits:3
Lecture: 3 Periods/week		Internal assessment: 30 marks
Practice/Interaction: 1Period/week		Semester end examination: 70 marks

Objectives:

- To master the basic tools of microeconomics: supply and demand analysis; firms' production and pricing decisions, market equilibrium and market structure analysis.
- To enable the students to know different forms of businesses and their characteristics, limitations and advantages.
- To enable the students to analyze a company's financial statements preparation and come to a reasoned conclusion about the financial situation of the company.
- To introduce prospective managers of new ventures to prepare and analyze financial statements.
- To enable the students understand how organizations make important investment and financing decisions

Outcomes:

Students will be able to

- Aware of various aspects of managerial economics, production & cost analysis, markets & pricing strategies.
- Develop an ability to identify, formulate, and solve engineering problems by applying the subject knowledge of Managerial economics.
- Apply capital budgeting, financial analysis techniques in evaluating various investment opportunities
- Enhance their capabilities in the interpretation of balance sheets are followed in industries, organizations & institutes.

Syllabus:

Unit -I

Introduction to Managerial Economics & Demand Analysis: Definition of Managerial Economics, Characteristics and Scope – Demand Analysis: Meaning- Demand distinctions- Demand determinants- Law of Demand and its exceptions. Elasticity of Demand & Demand Forecasting: Definition -Types of Elasticity of demand - Measurement of price elasticity of demand. Demand Forecasting: Meaning - Factors governing demand forecasting - Methods of demand forecasting - Criteria of a good forecasting method.

Unit-II

Theory of Production and Cost Analysis: Production Function- Isoquants and Isocosts, MRTS, Law of variable proportions- Law of returns to scale- Least Cost Combination of Inputs, Cobb-Douglas Production function - Economies of Scale. Introduction to Markets, Managerial Theories of the Firm & Pricing Policies: Market structures: Types of competition, Features of Perfect Competition, Monopoly and Monopolistic Competition.

Unit -III

Types of Industrial Organization, Introduction to business cycles: BEP Analysis, Characteristic features of Industrial organization, Features and evaluation of Sole Proprietorship, Partnership, Joint Stock Company, State/Public Enterprises and their types. Introduction to Break-Even Point (simple problems) - Managerial Significance and limitations of BEP.

Unit -IV

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.

Unit -V

Capital and Capital Budgeting: 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)

Text Books:

1. A R Aryasri - Managerial Economics and Financial Analysis, TMH 2011
2. S.A. Siddiqui & A.S. Siddiqui, Managerial Economics and Financial Analysis, New Age International Publishers, 2011.

Reference Books:

1. N. Appa Rao. & P. Vijaya Kumar - Managerial Economics and Financial Analysis, Cengage Publications, New Delhi, 2011
2. J.V.Prabhakar Rao - Managerial Economics and Financial Analysis, Maruthi Publications, 2011
3. Suma damodaran- Managerial Economics, Oxford 2011