

**IV/IV B. TECH. SECOND SEMESTER
MANAGERIAL ECONOMICS
AND FINANCIAL ANALYSIS(Required)**

Course Code: CS 8T1**Credits: 3****Lecture: 3 periods/ week****Internal assessment: 30 Marks****Tutorial: 1period/week****Semester end examination: 70 Marks****Prerequisites: Nil**

Course Overview:

Managers regularly address microeconomic issues ranging from pricing, cost determination, compensation, entry into and exit from markets, and output decisions. Along with that, students should have developed a basic understanding of what financial statements contain and how to use them to assess a company's profitability and financial position. This course introduces various concepts of Economics and Accounting that will be helpful in right decision making.

Course Outcomes:

CO1) Understand of various aspects of managerial economics, demand analysis.

CO2) Understand the use of demand elasticity and various methods of demand forecasting techniques in Managerial decisions.

CO3) Apply production theory, cost theory in relevant Managerial decision making.

CO4) Understand the difference between price output determination under different market conditions along with pricing policies.

CO5) apply capital budgeting, financial analysis techniques in evaluating various investment opportunities.

Syllabus:**Unit -I**

Introduction to Managerial Economics & Demand Analysis: Definition of Managerial Economics, Characteristics and Scope – Managerial Economics and its relation with other subjects -

Basic economic tools in Managerial Economics. **Demand Analysis:** Meaning- Demand distinctions- Demand determinants- Law of Demand and its exceptions.

Unit-II: Elasticity of Demand & Demand Forecasting: Definition -Types of Elasticity of demand - Measurement of price elasticity of demand: Total outlay method , Point method and Arc method= Significance of Elasticity of Demand-Demand Forecasting: Meaning - Factors

governing demand forecasting - Methods of demand forecasting - Criteria of a good forecasting method.

Unit-III

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. Cost concepts, Opportunity cost, Fixed vs Variable costs, Explicit costs, vs implicit costs, out of pocket costs vs, imputed costs, Determination of Break – Even Point(simple problems) Managerial Significance and limitations of BEP.

Unit –IV Price output determination under different Markets & Pricing Policies: Market Structures: Types of competition, Features of Perfect Competition, Monopoly and Monopoly Competition, Price-Output Determination under Perfect Competition, Monopoly, Monopolistic Competition and Oligopoly Managerial theories of the firm – Marris and Williamson’s models. Pricing Policies: Methods of pricing.

Unit –V

Financial Accounting and Capital Budgeting:

Introduction to Double-entry system, Journal, Ledger, Trial Balance – Final Accounts (with simple adjustments) – Limitations of Financial Statements, Ratio Analysis – Liquidity ratios, Profitability ratios and solvency ratios - **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