

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

II Year B.Tech. EEE - II Sem L T/P/D C

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MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

Objectives:

To enable the student to understand and appreciate, with a particular insight, the importance of certain basic issues governing the business operations namely; demand and supply, production function, cost analysis, markets, forms of business organizations, capital budgeting and financial accounting and financial analysis.

Unit I

Introduction & Demand Analysis: Definition, Nature and Scope of Managerial Economics. Demand Analysis: Demand Determinants, Law of Demand and its exceptions. Elasticity of Demand: Definition, Types, Measurement and Significance of Elasticity of Demand. Demand Forecasting, Factors governing demand forecasting, methods of demand forecasting.

Unit II

Production & Cost Analysis: Production Function - Isoquants and Isocosts, MRTS, Least Cost Combination of Inputs, Cobb-Douglas Production function, Laws of Returns, Internal and External Economies of Scale. Cost Analysis: Cost concepts. Break-even Analysis (BEA)-Determination of Break-Even Point (simple problems) - Managerial Significance.

Unit III

Markets & New Economic Environment: Types of competition and Markets, Features of Perfect competition, Monopoly and Monopolistic Competition. Price-Output Determination in case of Perfect Competition and Monopoly. Pricing: Objectives and Policies of Pricing. Methods of Pricing. Business: Features and evaluation of different forms of Business Organisation: Sole Proprietorship, Partnership, Joint Stock Company, Public Enterprises and their types, New Economic Environment: Changing Business Environment in Post-liberalization scenario.

Unit IV

Capital Budgeting: Capital and its significance, Types of Capital, Estimation of Fixed and Working capital requirements, Methods and sources of raising capital - Trading Forecast, Capital Budget, Cash Budget. Capital Budgeting: features of capital budgeting proposals, Methods of Capital Budgeting: Payback Method, Accounting Rate of return (ARR) and Net Present Value Method (simple problems).

Unit V

Introduction to Financial Accounting & Financial Analysis: Accounting concepts and Conventions - Introduction IFRS - Double - Entry Book Keeping, Journal, Ledger, Trial Balance - Final Accounts (Trasing Account, Profit and Loss Account and Balance Sheet with simple adjustments). Financial

Analysis: Analysis and Interpretation of Liquidity Ratios, Activity Ratios, and Capital structure Ratios and Profitability ratios. Du Pont Chart.

TEXT BOOKS:

1. Varshney & Maheswari: Managerial Economics, Sultan Chand, 2009.
2. S.A. Siddiqui & A.S. Siddiqui, Managerial Economics and Financial Analysis, New Age international Publishers, Hyderabad 2013.
3. M. Kasi Reddy & Saraswathi, Managerial Economics and Financial Analysis, PHI New Delhi, 2012.

REFERENCES:

1. Ambrish Gupta, Financial Accounting for Management, Pearson Education, New Delhi, 2012.
2. H. Craig Peterson & W. Cris Lewis, Managerial Economics, Pearson, 2012.
3. Lipsey & Chrystel, Economics, Oxford University Press, 2012.
4. Domnick Salvatore: Managerial Economics In a Global Economy, Thomson, 2012.
5. Narayanaswamy: Financial Accounting - A Managerial Perspective, Pearson, 2012.
6. S.N. Maheswari & S.K. Maheswari, Financial Accounting, Vikas, 2012.
7. Truet and Truet: Managerial Economics: Analysis, Problems and Cases, Wiley, 2012.
8. Dwivedi: Managerial Economics, Vikas, 2012.
9. Shailaja & Usha: MEFA, University Press, 2012.
10. Aryasri: Managerial Economics and Financial Analysis, TMH, 2012.
11. Vijay Kumar & Appa Rao, Managerial Economics & Financial Analysis, Cengage 2011.
12. J.V. Prabhakar Rao & P.V. Rao, Managerial Economics & Financial Analysis, Maruthi Publishers, 2011.

Outcomes:

At the end of the course, the student will

- Understand the market dynamics namely, demand and supply, demand forecasting, elasticity of demand and supply, pricing methods and pricing in different market structures.
- Gain an insight into how production function is carried out to achieve least cost combination of inputs and cost analysis.
- Develop an understanding of
- Analyse how capital budgeting decisions are carried out.
- Understanding the framework for both manual and computerised accounting process
- Know how to analyse and interpret the financial statements through ratio analysis.