



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal - 500 043, Hyderabad, Telangana

COURSE CONTENT

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS								
VIII Semester: Common for all branches								
Course Code	Category	Hours / Week			Credits	Maximum Marks		
		L	T	P		CIA	SEE	Total
AHSD15	Foundation	3	0	0	3	40	60	100
Contact Classes: 48	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 48			
Prerequisite: There are no prerequisites to take this course.								

I. COURSE OVERVIEW:

The course is designed in such a way that it gives an overview of concepts of Economics. Managerial Economics enables students to understand micro environment in which markets operate how price determination is done under different kinds of competitions. Financial Analysis gives clear idea about concepts, conventions and accounting procedures along with introducing students to fundamentals of ratio analysis and interpretation of financial statements. Break Even Analysis is very helpful to the Business Concern for Decision Making, controlling and forward Strategic Planning. Ratio analysis gives an idea about financial forecasting, financial planning, controlling the business and decision making.

II. COURSE OBJECTIVES:

The students will try to learn:

- I. The concepts of business economics and demand analysis helps in optimal decision making in business environment.
- II. The functional relationship between Production and factors of production and able to compute breakeven point to illustrate the various uses of breakeven analysis.
- III. The features, merits and demerits of different forms of business organizations existing in the modern business environment and market structures.
- IV. The concept of capital budgeting and allocations of the resources through capital budgeting methods and compute simple problems for project management.
- V. Various accounting concepts and different types of financial ratios for knowing financial positions of business concern.

III. COURSE OUTCOMES:

After successful completion of the course, students should be able to:

- CO1 List the basic concepts of managerial economics and analysis, measurement of demand and its forecasting to know the current status of goods and services.
- CO2 Examine to know the current status of goods and services. to know the economies and diseconomies of scale in manufacturing sector
- CO3 Summarize the four basic market models like perfect competition, monopoly, monopolistic competition, and oligopoly to know the price and quantity are determined in each model.
- CO4 Compare various types of business organizations and discuss their implications for resource allocation to strengthen the market environment.
- CO5 Analyze different project proposals by applying capital budgeting techniques to interpret the solutions for real time problems in various business projects
- CO6 Develop the ability to use a basic accounting system along with the application of ratios to create (record, classify, and summarize) the data needed to know the financial position of the organization.

IV. COURSE CONTENT:

MODULE – I: INTRODUCTION AND DEMAND ANALYSIS (07)

Definition, nature and scope of business 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.

MODULE – II: PRODUCTION AND COST ANALYSIS (10)

Production function; Isoquants and isocosts, MRTS, least cost combination of inputs, Cobb-Douglas production function, internal and external economies of scale, cost analysis; Cost concepts: Break even analysis (BEA), determination of break-even point (simple problems), managerial significance.

MODULE – III: MARKETS AND NEW ECONOMIC ENVIRONMENT (08)

Types of competition and markets, features of perfect competition, monopoly and monopolistic competition, price-output determination in case of perfect competition and monopoly business.

Features and evaluation of different forms of business organizations: Sole proprietorship, partnership, joint stock company, public enterprises and their types.

MODULE – IV: CAPITAL BUDGETING (10)

Capital and its significance, types of capital, estimation of fixed and working capital requirements, methods and sources of raising capital, capital budgeting: features of capital budgeting proposals; Methods of capital budgeting: Payback period, accounting rate of return (ARR), net present value method and internal rate of return method (simple problems).

MODULE – V: INTRODUCTION TO FINANCIAL ACCOUNTING AND FINANCIAL ANALYSIS (10)

Financial accounting objectives, functions, importance; Accounting concepts and accounting conventions - double-entry book keeping, journal, ledger, trial balance; Final accounts: Trading account, profit and loss account and balance sheet with simple adjustments; Financial analysis: Analysis and interpretation of liquidity ratios, activity ratios, capital structure ratios and profitability ratios (simple problems), Du Pont chart.

V. TEXT BOOKS:

1. Aryasri, “Managerial Economics and Financial Analysis”, TMH publications, 4th Edition, 2012.
2. M. Kasi Reddy, Saraswathi, “Managerial Economics and Financial Analysis”, PHI Publications, New Delhi, 2nd Edition, 2012.
3. Varshney, Maheswari, “Managerial Economics”, Sultan Chand Publications, 11th Edition, 2009.

VI. REFERENCE BOOKS:

1. D.N. Dwivedi, “Managerial Economics”, Vikas Publication House Pvt.Ltd, 2ndEdition,2012.
2. S.N. Maheshwari & S.K.Maheshwari, “Financial Accounting”, Vikas Publication House Pvt.Ltd,4thEdition, 2012.
3. R.NarayanaSwamy, “Financial Accounting- A managerial Perspective”, Pearson publications, 1stIndian Reprint Edition,2012.

VII. WEB REFERENCES:

1. <https://courses.lumenlearning.com/boundless-marketing/chapter/demand-analysis/>
2. <https://theintactone.com/2019/10/01/me-u3-topic-2-cost-output-relationship-in-shortrun-long-run-cost-curves/>
3. <https://corporatefinanceinstitute.com/resources/knowledge/modeling/break-evenanalysis/>
4. <https://corporatefinanceinstitute.com/resources/knowledge/economics/marketstructure/#:text=The%20four%20popular%20types%20of,monopoly%20market%2C%20and%20mo>

VIII. MATERIALS ONLINE:

1. Course template
2. Tutorial question bank

3. Definition and terminology
4. Tech-talk topics
5. Assignments
6. Model question paper – I
7. Model question paper – II
8. Lecture notes
9. Early learning readiness videos (ELRV)
10. Power point presentations