

# MANAGERIAL ECONOMICS 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 (Trading 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.