

PEK4E002 ENGINEERING ECONOMICS

Theory L/T (Hours per week):2/1, Credit: 3

Module I (12 hours)

Engineering Economics- Nature, Scope, Basic problems of an economy, Micro Economics and Macro Economics.

Demand- Meaning of demand, Demand function, Law of Demand and its exceptions, Determinants of demand, Elasticity of demand & its measurement (Simple numerical problems to be solved), Supply-Meaning of supply, Law of supply and its exception, Determinants of supply, Elasticity of supply, Determination of market equilibrium (Simple numerical problems to be solved).

Production-Production function, Laws of returns: Law of variable proportion, Law of returns to scale

Module II (12 hours)

Cost and revenue concepts, Basic understanding of different market structures, Determination of equilibrium price under perfect competition (Simple numerical problems to be solved), Break Even Analysis-linear approach (Simple numerical problems to be solved).

Banking -Commercial bank, Functions of commercial bank, Central bank, Functions of Central Bank.

Inflation-Meaning of inflation, types, causes, measures to control inflation.

National Income-Definition, Concepts of national income, Method of measuring national income.

Module III (12 hours)

Time value of money- Interest - Simple and compound, nominal and effective rate of interest, Cash flow diagrams, Principles of economic equivalence.

Evaluation of engineering projects-Present worth method, Future worth method, Annual worth method, Internal rate of return method, Cost benefit analysis for public projects .

Depreciation- Depreciation of capital asset, Causes of depreciation, Methods of calculating depreciation (Straight line method, Declining balance method), After tax comparison of project.

Text Books

1. Riggs, Bedworth and Randhwa, "Engineering Economics", McGraw Hill Education India
2. Principles of Economics, Deviga Vengedasalam; Karunakaran Madhavan, Oxford University Press.
3. Engineering Economy by William G.Sullivan, Elin M.Wicks, C. Patric Koelling, Pearson
4. R.Paneer Seelvan, " Engineering Economics", PHI
5. Ahuja,H.L., "Principles of Micro Economics" , S.Chand & Company Ltd
6. Jhingan,M.L., "Macro Economic Theory"
7. Macro Economics by S.P.Gupta, TMH