

Economics for Engineers

HU-501

Contracts: 3L

Credits- 3

1. Economic Decisions Making – Overview, Problems, Role, Decision making process.
2. Engineering Costs & Estimation – Fixed, Variable, Marginal & Average Costs, Sunk Costs, Opportunity Costs, Recurring And Nonrecurring Costs, Incremental Costs, Cash Costs vs Book Costs, Life-Cycle Costs; Types Of Estimate, Estimating Models - Per- Unit Model, Segmenting Model, Cost Indexes, Power-Sizing Model, Improvement & Learning Curve, Benefits.
3. Cash Flow, Interest and Equivalence: Cash Flow – Diagrams, Categories & Computation, Time Value Of Money, Debt repayment, Nominal & Effective Interest.
4. Present Worth Analysis : End-Of-Year Convention, Viewpoint Of Economic Analysis Studies, Borrowed Money Viewpoint, Effect Of Inflation & Deflation, Taxes, Economic Criteria, Applying Present Worth Techniques, Multiple Alternatives.
5. Cash Flow & Rate Of Return Analysis – Calculations, Treatment of Salvage Value, Annual Cash Flow Analysis, Analysis Periods; Internal Rate Of Return, Calculating Rate Of Return, Incremental Analysis; Best Alternative Choosing An Analysis Method, Future Worth Analysis, Benefit-Cost Ratio Analysis, Sensitivity And Breakeven Analysis. Economic Analysis In The Public Sector - Quantifying And Valuing Benefits & drawbacks.
6. Uncertainty In Future Events - Estimates And Their Use In Economic Analysis, Range Of Estimates, Probability, Joint Probability Distributions, Expected Value, Economic Decision Trees, Risk, Risk vs Return, Simulation, Real Options.
7. Depreciation - Basic Aspects, Deterioration & Obsolescence, Depreciation And Expenses, Types Of Property, Depreciation Calculation Fundamentals, Depreciation And Capital Allowance Methods, Straight-Line Depreciation Declining Balance Depreciation, Common Elements Of Tax Regulations For Depreciation And Capital Allowances.
8. Replacement Analysis - Replacement Analysis Decision Map, Minimum Cost Life Of A New Asset, Marginal Cost, Minimum Cost Life Problems.
9. Inflation And Price Change – Definition, Effects, Causes, Price Change With Indexes, Types of Index, Composite vs Commodity Indexes, Use of Price Indexes In Engineering Economic Analysis, Cash Flows that inflate at different Rates.
10. Accounting – Function, Balance Sheet, Income Statement, Financial Ratios Capital Transactions, Cost Accounting, Direct and Indirect Costs, Indirect Cost Allocation.

Readings

1. James L.Riggs,David D. Bedworth, Sabah U. Randhawa : Economics for Engineers 4e , Tata McGraw-Hill
2. Donald Newnan, Ted Eschembach, Jerome Lavelle : Engineering Economics Analysis, OUP
3. John A. White, Kenneth E.Case,David B.Pratt : Principle of Engineering Economic Analysis, John Wiley
4. Sullivan and Wicks: Engineering Economy, Pearson
5. R.Paneer Seelvan: Engineering Economics, PHI
6. Michael R Lindeburg : Engineering Economics Analysis, Professional Pub