

MG6863 ENGINEERING ECONOMICS

DETAILED SYLLABUS

UNIT I INTRODUCTION TO ECONOMICS

Introduction to Economics- Flow in an economy, Law of supply and demand, Concept of Engineering Economics – Engineering efficiency, Economic efficiency, Scope of engineering economics – Element of costs, Marginal cost, Marginal Revenue, Sunk cost, Opportunity cost, Break-even analysis - V ratio, Elementary economic Analysis – Material selection for product Design selection for a product, Process planning.

UNIT II VALUE ENGINEERING

Make or buy decision, Value engineering – Function, aims, Value engineering procedure. Interest formulae and their applications –Time value of money, Single payment compound amount factor, Single payment present worth factor, Equal payment series sinking fund factor, Equal payment series payment Present worth factor- equal payment series capital recovery factor - Uniform gradient series annual equivalent factor, Effective interest rate, Examples in all the methods.

UNIT III CASH FLOW

Methods of comparison of alternatives – present worth method (Revenue dominated cash flow diagram), Future worth method (Revenue dominated cash flow diagram, cost dominated cash flow diagram), Annual equivalent method (Revenue dominated cash flow diagram, cost dominated cash flow diagram), rate of return method, Examples in all the methods.

UNIT IV REPLACEMENT AND MAINTENANCE ANALYSIS

Replacement and Maintenance analysis – Types of maintenance, types of replacement problem, determination of economic life of an asset, Replacement of an asset with a new asset – capital recovery with return and concept of challenger and defender, Simple probabilistic model for items which fail completely.

For Syllabus, Question Papers, Notes & many More

UNIT V DEPRECIATION

Depreciation- Introduction, Straight line method of depreciation, declining balance method of depreciation- Sum of the years digits method of depreciation, sinking fund method of depreciation/ Annuity method of depreciation, service output method of depreciation-Evaluation of public alternatives- introduction, Examples, Inflation adjusted decisions – procedure to adjust inflation, Examples on comparison of alternatives and determination of economic life of asset.

TEXT BOOKS

1. Panneer Selvam, R, “Engineering Economics”, Prentice Hall of India Ltd, New Delhi, 2001.

REFERENCES

1. Chan S.Park, “Contemporary Engineering Economics”, Prentice Hall of India, 2011.
2. Donald.G. Newman, Jerome.P.Lavelle, “Engineering Economics and analysis” Engg. Press, Texas, 2010.
3. Degarmo, E.P., Sullivan, W.G and Canada, J.R, “Engineering Economy”, Macmillan, New York, 2011.
4. Zahid A khan: Engineering Economy, "Engineering Economy", Dorling Kindersley, 2012.

OBJECTIVES

To enable students to understand the fundamental economic concepts applicable to engineering and to learn the techniques of incorporating inflation factor in economic decision making.