

Code No: 126EJ

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JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
B.Tech III Year II Semester Examinations, October/November - 2016
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to ECE, CSE, MMT)

Time: 3 hours

Max. Marks: 75

Note: This question paper contains two parts A and B.
Part A is compulsory which carries 25 marks. Answer all questions in Part A. Part B consists of 5 Units. Answer any one full question from each unit. Each question carries 10 marks and may have a, b, c as sub questions.

PART - A

(25 Marks)

1. Answer the following:
 - a) Definition and uses of Managerial Economics. [2]
 - b) Law of Demand and its Exceptions. [3]
 - c) Basis for market classification. [2]
 - d) Marginal cost and its implications [3]
 - e) Types of Competitions in the markets [2]
 - f) Public Enterprises and types [3]
 - g) Differences between NPV and ARR. [2]
 - h) Capital Budgeting and its significance [3]
 - i) 'Entity' concept of accounting. [2]
 - j) Du Pont Chart and its significance. [3]

PART - B

(50 Marks)

2. Describe any two methods of forecasting Demand. Give an example for each method. [10]

OR

3. Describe Elasticity of Demand and explain its classification. [10]

- 4.a) What is a Break-even Point? What are its managerial uses?
 - b) Calculate the Break-Even Point from the following data:-
Costs: Material – Rs.80 per unit; Labor – Rs.40 per unit; Other Variable Expenses – Rs.20 per unit; Fixed Expenses – Rs.12,00,000 and Selling Price – Rs.200 per unit. [4+6]

OR

- 5.a) What are Laws of Returns? What are their implications?
 - b) What are Internal and External Economies of Scale? Provide some examples. [5+5]
- 6.a) What is Monopolistic Competition? What are its features? Give examples.
 - b) What are different forms of business organizations? Critically evaluate each of them. [5+5]

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OR

- 7.a) Describe the various pricing policies used in industry and business? Give some concrete examples also.
b) Explain the following briefly: (i) Price Discrimination and (ii) Product differentiation methods. [5+5]
- 8.a) Define Fixed Capital and give examples of its various components.
b) What is Working Capital? What determinants influence the volume of working capital? [5+5]

OR

9. A company wants to invest Rs.10,000 in a small project. The net cash inflows before Depreciation and Taxes are expected to be Rs2,500 per year for 5 years. The firm uses the Straight Line method of Depreciation. The salvage value is zero. The discount rate applicable to the firm is 12%. Assess the investment of the project using: (a) Payback Period Method; and (b) NPV Method. [5+5]
10. Distinguish between Journal and Ledger. [10]

OR

- 11.a) Define: (i) Debt:Equity Ratio; (ii) Fixed Assets Turn-Over Ratio; and (iii) Stock Turnover Ratio and briefly explain their significance.
b) The following data are given:

Items	(Rs.)
Current Assets	70,000
Current Liabilities	35,000
Stocks	30,000
Net Sales	1,20,000
Operating Expenses	40,000
Cost of Goods Sold	60,000

Find: (i) Current Ratio; (ii) Acid Test Ratio; (iii) Operating Ratio; and (iv) Gross Profit Ratio. [6+4]

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