Code No: 126VJ

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JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
B. Tech III Year II Semester Examinations, May - 2019
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

<div align="right">(25 Marks)</div>

1.   Answer the following:
        a) Nature and Scope of Managerial Economics.   [2]
        b) Determinants of Demand and Demand function.   [3]
        c) Isocosts and their characteristics.   [2]
        d) Least Cost Combination of Inputs.   [3]
        e) Definition and Difference between Market and Marketing.   [2]
        f) Features of Sole Proprietorship.   [3]
        g) Components of Working Capital.   [2]
        h) Sources for mobilizing long term capital.   [3]
        i) List out and explain conventions of accounting.   [2]
        j) How do you treat 'Bad debts' and 'Provision for Bad and doubtful debts' if given as
        adjustments to a trial balance data?   [3]

PART - B

<div align="right">(50 Marks)</div>

2.a)   "When the demand is elastic, the price reduction will increase total revenue."
        Elaborate this and explain on the basis of relevant theories, giving examples.
  b)   What are the economic principles that help managers in decision making process?
                                                                                 [5+5]
                                        OR
3.a)   Define Elasticity of Demand. What is the formula for measuring the same? What is its
        significance? Elaborate.
  b)   What are the factors governing the demand forecasting? How do they help in
        determining the demand for any product? Give a hypothetical example.   [5+5]

4.a)   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
        Selling Price: Rs.250 per unit.
  b)   From the above data, also find out how many units must be sold out to maintain the
        profit obtained at a sale of 30,000 units if the price is reduced by 5%.   [5+5]

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OR

5.a) Define 'Least Cost Combination of Inputs'. How can it be arrived?

b) Explain Cobb-Douglas Production Function and state its applications. [5+5]

6.a) What is 'Perfect Competition'? What are its features? Is it an ideal Market Condition? Give reasons.

b) What is Monopoly? What are its features? Give some examples of business units where Monopoly prevails. [5+5]

OR

7.a) What are the Objectives of Policies and Pricing of products? Give some methods of pricing.

b) What is a Joint Stock Company? What are its features? What are the advantages and the disadvantages of a Public Limited Company over a Private Limited company? [5+5]

8.a) What are the components of Capital Cost of a Project and the types of Capital Resources to finance the same? What do you understand by Debt Service Coverage Ratio and state its significance?

b) What is capital budget? Explain what are the elements to be considered before taking capital budgeting decisions? [5+5]

OR

9.a) Calculate the Average Rate of Return if a project involving an investment of Rs.5 lakh yields the following annual returns:-

Year	(Rs.)
1	20,000
2	50,000
3	60,000
4	30,000
5	40,000

The salvage value of the plant after 5 years is expected to be Rs.1 lakh.

b) Explain the concepts 'Present value' and 'Future value' and illustrate their relationship. [5+5]

10. What are the fundamental principles of Double entry system of Accounting? How are business transactions recorded in 'Journal' and 'Ledger' Accounts? Illustrate. [10]

OR

11. Give necessary formulae to compute various tests of 'Liquidity', 'Profitability' and 'Solvency'. [10]

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