

Code No: 115EG

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**B.Tech III Year I Semester Examinations, February/March - 2016****MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS****(Common to ME, EIE, BME, IT, MCT, AME, MIE, MSNT)****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.a) Define the concept 'Managerial Economics'. [2]
- b) How is 'Price elasticity of demand' measured? [3]
- c) How is 'Cost' composed? [2]
- d) What do you understand by Production function? [3]
- e) What is meant by 'unlimited liability'? [2]
- f) Distinguish between 'Monopoly' and 'Monopolistic competition'. [3]
- g) What is the purpose of taking capital budgeting decisions? [2]
- h) How is Net present value determined? [3]
- i) What is the principle of 'Double entry book keeping'? [2]
- j) How is Du Pont Chart helpful for interpretation? [3]

PART-B**(50 Marks)**

2. Explain the nature and scope managerial economics. [10]
- OR**
3. Define Demand Forecasting and explain various forecasting methods. [10]
 4. State and explain the theory of law of variable proportions. [10]
- OR**
5. The sales of Forma Ltd. in the first half of 2014, amounted to Rs.27,00,000 and profit earned was Rs.7,20,000. The sales in the second half year registered an increase and amounted to Rs.3,42,000. The profit earned was Rs.20,70,000 in that half year. Assuming no change in fixed costs, calculate;
 - a) Profit -volume ratio
 - b) The amount of profit when sales are Rs. 2,16,000 and
 - c) The amount of sales required to earn a profit of Rs.36,000. [3+3+4]
 6. What do you understand by 'Monopolistic Competition'? Explain the price- output determination in case of monopolistic competition. [10]
- OR**
7. Enumerate the various methods of pricing. [10]

8. How is capital classified? Explain in detail various sources of mobiliship total capital needed by an organization. [10]

OR

9. The initial cash outlay of a project is Rs.50,000 and it generates cash inflows of Rs.20,000, Rs.15,000, Rs.25,000 and Rs.10,000 in four years. Using present value index method, appraise profitability of the proposed investment assuming 10% rate of discount [10]

10. Explain various Accounting concepts and Conventions which are widely accepted.[10]

OR

11. Current Ratio = 2.8
Acid – test Ratio = 1.5
Working capital Rs.1, 62,000
Find out
a) Current assets
b) Current liabilities
c) Liquid assets

[3+3+4]

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