JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
B.Tech II Year II Semester Examinations, May-2015
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to EEE, PTE)

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 'Demand'. [2M]
   b) What is the Significance of Elasticity of Demand? [3M]
   c) What are the Salient features of Iso-quants? [2M]
   d) How is Least cost combination of inputs determined? [3M]
   e) How are markets classified? [2M]
   f) What are the Salient features of partnership? [3M]
   g) Explain the significance of capital in business. [2M]
   h) What do you understand by 'Budget'? [3M]
   i) What is the Importance of Financial Analysis? [2M]
   j) Explain the salient features of double-entry Book keeping. [3M]

Part-B
(50 Marks)

2. a) Explain the scope of Managerial Economics.
   b) What is elasticity of demand? How can it be measured?
   c) Explain the factors governing the demand forecasting. [3+4+3]

OR

3. a) Define managerial Economics and explain its nature.
   b) Explain the law of demand and what are its exceptions?
   c) Briefly explain the statistical methods of demand forecasting. [3+3+4]

4. a) Explain the salient features of Cobb-Douglas Production function.
   b) Describe the salient features of internal and external Economics.
   c) Explain the usefulness of Break-even analysis. [3+3+4]

OR

5. a) Briefly explain the different phases of laws of returns.
   b) Explain the assumptions and limitations Break-even analysis.
   c) Describe the importance costs and different cost concepts in cost analysis.[3+3+4]

6. a) Explain the conditions of perfect competition.
   b) Briefly explain different methods of pricing.
   c) Explain the salient features of public limited company. [3+4+3]

OR

7. a) Explain the condition of monopolistic competition.
   b) Describe the objectives of pricing.
   c) Explain the changing business environment in the context of LPG and WTO.
   [3+3+4]

8. a) Explain the types of capital and its requirements.
   b) Describe the salient features of capital budgeting.
   c) The cash outflow and cash inflows of a certain project are given below:

Years	Cash outflows (Rs.)	Cash inflow (Rs.)
0	1,80,000	--
1	40,000	20,000
2		40,000
3		60,000
4		1,00,000
5		80,000

The scrap value at the end of 5th year is Rs. 30,000. The cost of capital is 12%. Calculate the net present value.   [3+3+4]

OR

9. a) Explain the sources of raising capital.
   b) Describe the advantages and disadvantages of payback period method.
   c) A company has at hand two proposals for consideration (M and N). The cost of the proposals in both the cases is Rs. 5, 00,000 each. A discount factor of 12% may be used to evaluate the proposals. Cash inflows after taxes are as under:

Years	Proposal M (Rs.)	Proposal N(Rs.)
1	1,50,000	50,000
2	2,00,000	1,50,000
3	2,50,000	2,00,000
4	1,50,000	3,00,000
5	1,00,000	2,00,000

Which one will you recommend under present value method?

Hint. Net Present value = PV of cash inflow – Cash outflow
Proposal M: NPV = Rs. 1, 23, 3000; Proposal N: NPV = Rs. 1, 10,500.
[3+3+4]

10. a) Explain the advantages and utility of ledger.
    b) Describe the meaning and special features of Trial Balance.
    c) Explain the purpose and importance of profit and loss account.   [3+4+3]

OR

11. a) Explain the differences between Journal and ledger.
    b) Describe the objectives and functions of Trial Balance.
    c) What is a Ratio? And explain the limitations of ratio analysis.   [3+3+4]

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