

**Code No: 115EG****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****B. Tech III Year I Semester Examinations, November/December - 2016****MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS****(Common to AME, EIE, IT, ME, MCT, 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) Describe any two exceptions of the law of demand? [2]
- b) Distinguish between 'Law of demand and Elasticity of demand'. [3]
- c) What is the managerial significance of expansion path? [2]
- d) What results in External Economies of Scale? [3]
- e) Mention any two features of monopolistic competition. [2]
- f) What are the advantages of sole proprietorship form of organization? [3]
- g) What are the various sources for mobilizing long term capital by an organization? [2]
- h) What factors influence the volume of working capital? [3]
- i) What are activity ratios? Give two examples. [2]
- j) What do you understand by 'double-entry' book keeping? [3]

**PART - B****(50 Marks)**

- 2.a) What is elasticity of demand? What are the various types of elasticity?
- b) Describe the qualitative methods of demand forecasting. [5+5]

**OR**

- 3.a) What do you understand by managerial economics? What is the scope of it?
- b) What are the different factors involved in demand forecasting? [5+5]

- 4.a) How are isoquant curves classified?
- b) A company makes a product with a selling price of \$25 per unit and variable costs of \$15 per unit. The fixed costs for the period are \$45,000. What is the required output level to make a target profit of \$12,000? [4+6]

**OR**

- 5.a) What are the differences between break even analysis and CVP analysis?
- b) The Sherston Brick Company manufactures a standard stone block for the building industry. The production capacity for the year is 120,000 standard blocks. The selling price per block is \$1.80, variable costs are \$0.60 per brick and fixed costs are \$60,000 per annum. Determine the break-even point in terms of sales revenue and production output. [5+5]

- 6.a) What is a joint stock company? What are the advantages and disadvantages of this form?
- b) Explain price – output determination under monopolistic competition, with suitable diagrams and examples. [5+5]

**OR**

- 7.a) What are the various methods of pricing?
- b) What do you understand by pricing? What are the important objectives of pricing?[5+5]
- 8.a) What is the payback period method of evaluating capital investment proposals? What are the advantages and disadvantages of this method?
- b) What is working capital? What are the various sources of raising working capital? [5+5]

**OR**

- 9.a) What is accounting rate of return (ARR) method of evaluating capital investment decisions?
- b) Calculate the net present value of a project which requires an initial investment of \$243,000 and it is expected to generate a cash inflow of \$60,000 each month for 12 months. Assume that the salvage value of the project is \$1500. The target rate of return is 12% per annum. [5+5]

- 10.a) With assumed data, illustrate various turnover ratios.
- b) What is the importance of capital structure ratio? [5+5]

**OR**

- 11.a) Explain the Du-Pont chart/analysis.
- b) What procedure would you adopt while finalizing accounts of a business unit with the help of a valid trial balance? [5+5]

---ooOoo---