

Code No: 114DC

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B.Tech II Year II Semester Examinations, October/November - 2016

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'. [2]
- b) What is the importance of demand forecasting? [3]
- c) What is the Significance of Production function? [2]
- d) Explain 'least cost combination of inputs'. [3]
- e) What are the contents in a partnership deed? [2]
- f) What are the features of Public Enterprises? [3]
- g) Draw a diagram showing components in a Working Capital cycle. [2]
- h) Distinguish between share and debenture. [3]
- i) What do you understand by 'liquidity'? [2]
- j) Describe the salient features of Du Port Chart. [3]

PART - B

(50 Marks)

- 2.a) Briefly explain the nature and scope of Managerial Economics.
- b) Explain the law of demand and its exceptions. [5+5]

OR

- 3.a) Define elasticity of demand and explain its types and Measurement.
- b) Explain the factors governing demand forecasting. [5+5]

- 4.a) Explain the salient features of Cobb-Douglas Production function.
- b) Briefly explain the law of returns. [5+5]

OR

- 5.a) What are the managerial uses of Break-even analysis.
- b) Describe the salient features of internal and external Economies. [5+5]

- 6.a) Define Market and explain the conditions of perfect competition.
- b) Explain the Price-Output determination in perfect competition in very short period and short period. [5+5]

OR

- 7.a) Explain the objectives and policies of pricing.
- b) Briefly describe the salient features, merits and demerits of Joint Stock Companies. [5+5]

- 8.a) Explain various methods of raising capital.
- b) Examine following three project proposals and evaluate them based on Payback Period and determine profitability. [4+6]

	Project A	Project B	Project C
Investment (Rs)	10,00,000	10,00,000	10,00,000
Cash inflows year			
1	5,00,000	6,00,000	2,00,000
2	5,00,000	2,00,000	2,00,000
3	2,00,000	2,00,000	6,00,000
4	---	---	4,00,000

OR

- 9.a) What is capital budgeting? And explain the salient features of capital budgeting proposals.
- b) Study the following table. Which project do you select (i) payback method (ii) NPV method with a discounting rate of 10%. [4+6]

	A	B	C
Investment (Rs)	10,00,000	10,00,000	10,00,000
Year		Cash inflows (Rs)	
1	5,00,000	6,00,000	2,00,000
2	5,00,000	2,00,000	2,00,000
3	2,00,000	2,00,000	6,00,000
4	---	---	4,00,000

- 10.a) Explain the salient features of Journal and Leger.
- b) Calculate the Gross Profit Ratio from the following figures. [5+5]

Sales	Rs. 1,00,000	Purchases	Rs. 60,000
Sales Returns	10,000	Purchases Returns	15,000
Opening Stock	20,000	Closing Stock	5,000

OR

- 11.a) Describe the salient features liquidity and activity ratios.
- b) Prepare Trading and Profit and Loss Account for the year ended 31st March, 1999 and Balance Sheet as at the end of the year from the following Trial Balance: [4+6]

Particulars	Dr. Amount Rs	Cr. Amount Rs
Opening Stock of Raw Materials	30,000	
Opening Stock of Finished Goods	16,000	
Opening Stock of Work-in-progress	5,000	
Capital		72,000
Purchases of Raw Materials	2,50,000	
Sales		4,00,000
Purchases of Finished Goods	8,000	
Carriage Inwards	4,000	
Wages	50,000	
Salaries (75% Factory)	26,000	
Commission	3,000	
Bad Debt	2,000	
Insurance	4,000	
Rent, Rates and Taxes (50% Factory)	12,000	
Postage and Telegram	2,800	
Tea and Tiffin	1,600	
Travelling and Conveyance (25% Factory)	3,500	
Carriage Outwards	2,600	
Machinery	40,000	
Furniture	5,000	
Debtors	60,000	
Creditors		53,500
	5,25,500	5,25,500

The Closing Stocks are as follows:

	Rs.
Raw Materials	40,000
Work-in-progress	12,000
Finished Goods	8,000