

Code No: 125EG

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**B. Tech III Year I Semester Examinations, November/December - 2018****MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS****(Common to ME, EIE, 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) How is elasticity of demand different from Law of demand? [2]
- b) Give the derivation of Demand function with necessary notations. [3]
- c) What are 'Isoquants'? [2]
- d) How can a producer derive internal economies through output alternations? [3]
- e) How are Markets classified? [2]
- f) What are the important components in a partnership deed? [3]
- g) What are the components in Working capital cycle? [2]
- h) How do you compute Average rate of return [3]
- i) Who are the users of financial information of a business unit? [2]
- j) How can you determine return on Equity? [3]

PART - B**(50 Marks)**

- 2.a) Explain the law of demand and its exceptions.
 - b) Distinguish between durable demand and perishable demand. [6+4]
- OR**
- 3.a) How do you classify the elasticity of demand? Explain.
 - b) What factors influence price elasticity of demand? [4+6]
- 4.a) Describe the significance of Cobb- Douglas production function.
 - b) What do you understand by MRTS? [5+5]
- OR**
- 5.a) From the following data, calculate:
 - i) P/V ratio
 - ii) Profit when sales are Rs.20,000
 - iii) New break -even point if selling price is reduced by 20%.

Fixed expenses	Rs.4, 000
Break- even point	Rs.10, 000
 - b) What are the managerial uses of breakeven analysis? [6+4]

- 6.a) Differentiate 'monopoly' from perfect competition.
b) How can a product be differentiated? [6+4]

OR

7. Elaborate the procedure for the formation of a joint stock company. [10]

8. What are the salient features of net present value method? Illustrate with assumed data. [10]

OR

- 9.a) Determine the pay-back period for a period for a project which requires cash- Outlay of Rs.10,000 and generates cash inflows of Rs.2,000, Rs.4,000, Rs.3,000 and Rs.2, 000 in the first, second, third, and fourth year respectively.
b) For the above data calculate accounting Rate Return. [5+5]

10. Explain the various ratios liquidity profitability and solvency. [10]

OR

- 11.a) Prepare Profit and Loss Account, from the following balances of Mr. Ganesh for the year ending 31.03.2015.

Office rent	Rs. 3000
Printing expenses	Rs. 2,200
Tax, Insurance	Rs. 1,400
Discount received	Rs. 400
Advertisement	Rs. 3,600
Salaries	Rs. 8,000
Stationeries	Rs. 2,400
Discount allowed	Rs. 600
Travelling expenses	Rs. 2,600
Gross Profit transferred from the Trading A/c	Rs. 25,000

- b) Explain how business transactions can be recorded in journal and ledger accounts? [5+5]

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