

B.Tech III Year I Semester (R13) Regular Examinations December 2015

**MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS**

(Common to CSE and EEE)

Time: 3 hours

Max. Marks: 70

**PART – A**  
(Compulsory Question)

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1 Answer the following: (10 X 02 = 20 Marks)

- What are Giffen goods?
- Define Micro economics.
- Distinguish between implicit and explicit cost.
- What is margin of safety?
- Define market skimming.
- List the features of Oligopoly.
- What are the current assets?
- Write the features of capital budgeting.
- Write about single entry book-keeping.
- Define financial accounting.

**PART – B**

(Answer all five units, 5 X 10 = 50 Marks)

**UNIT – I**

2 Define elasticity of demand. List and explain different kinds of elasticity of demand.

**OR**

3 Define managerial economics. Explain its nature and scope.

**UNIT – II**

4 Define BEP. Explain how break-even analysis is used by the managers in their day-to-day operations.

**OR**

5 Critically evaluate the law of variable proportions with a neat diagram.

**UNIT – III**

6 Write brief note on: (i) Product differentiation. (ii) Market skimming.  
(iii) Super normal profits. (iv) Shunt down price.

**OR**

7 Define economic liberalization. Discuss the impact of L.P.G policy on Indian economy.

**UNIT – IV**

8 Define working capital. How do you estimate the fixed and working capital requirements of an industrial unit?

**OR**

9 Consider the case of the following company M/S Venkata Ramana with the following two investment alternatives each proposal of 6 lakhs. The details of cash inflows as follows:

Year	1	2	3
Proposal – I (Rs)	2,00,000	4,00,000	3,00,000
Proposal – II (Rs)	3,00,000	2,00,000	4,00,000

The cost of the capital is 12% factor per year. Which one you will choose: (i) NPV method. (ii) IRR method.

**UNIT – V**

10 Give a brief account on the important records of accounting under Double-entry system of book keeping and discuss briefly the scope of each.

**OR**

11 Explain the need to interpret financial statements in the context of profitability. What are the relevant ratios?