EEE II/II

Code No: 114DC

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JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
B.Tech II Year II Semester Examinations, May - 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) What is a normative statement?   [2]
  b) What are exceptions to Law of diminishing utility?   [3]
  c) Define opportunity cost.   [2]
  d) What is Cobb-Douglas Production function?   [3]
  e) What is competition-oriented pricing technique?   [2]
  f) What are the Principal documents required for company formation?   [3]
  g) Define ARR.   [2]
  h) What is the necessity of capital budgeting?   [3]
  i) Define EPS.   [2]
  j) What is a contra entry? Give a suitable example.   [3]

PART - B   (50 Marks)

2.a) What is Law of equi-marginal utility?
  b) What are the disciplines to which Managerial Economics is linked?   [5+5]

OR

3.a) What are the methods of demand forecasting based on statistical techniques?
  b) The price of a mobile handset is Rs. 4500. The demand for the hand set at this
     price is 100,000 units. When the price is fixed at Rs. 4000, the demand goes up to
     1,50,000 units. What is the price elasticity of the mobile set?   [5+5]

4.a) Bring out the differences between:
     i) Explicit cost and Implicit cost.
     ii) Accounting costs and economic costs.
  b) What are the external economies of scale?   [5+5]

OR

5.a) What are iso-cost curves?
  b) Define Break-even. What are the assumptions of Break-even analysis?   [5+5]

6.a) What are the features of monopoly? What are the causes for monopoly?
  b) What are the advantages and limitations of cooperative form of organization?
                                                                            [5+5]

OR

7.a) What are departmental undertakings? What are its features?
  b) What is demand based pricing? Explain each of them.   [5+5]

8. Two investment proposals are brought before a company with an initial investment of Rs.1,20,00,000 in both the cases. The annual returns for the two proposals are as shown below:

Description (Return at the end of)	Proposal 1	Proposal 2
I year	Rs. 48,00,000	Rs. 56,00,000
II year	Rs. 80,00,000	Rs. 70,00,000
III year	Rs. 50,00,000	Rs. 60,00,000
IV year	Rs. 50,00,000	Rs. 40,00,000

Evaluate the two proposals on NPV basis at 10% discount and select the best one. [10]

OR

9. The investment proposals with the same initial investment of Rs. 72, 00, 000 has the following returns after depreciation of 10 percent on machineries.

Description (Return at the end of)	Proposal I	Proposal II
I year	Rs. 40,00,000	Rs.45,00,000
II year	Rs. 30,00,000	Rs. 25,00,000
III year	Rs. 25,00,000	Rs. 26,00,000
IV year	Rs. 32,00,000	Rs. 34,00,000

Calculate the payback period and ARR for both the projects. [10]

10. *Journalize the following*:
a) Goods worth Rs.30,000 destroyed in fire. Insurance company admits half the claim.
b) Delivery truck repaired at a cost of Rs.40,000.
c) A cheque for Rs.20,000 sent to Robert in full settlement of account of Rs.22,000.
d) A sum of Rs. 12,000 received from Ahmed against a debt previously written off.
e) Salaries yet to be paid is Rs. 80,000.
f) Swedeshi who owes Rs. 18,000 becomes insolvent. Only 50% of dues received. [10]

OR

11.a) Explain the following:
i) Operating ratio
ii) ROI.

b) A firm sold goods worth Rs.15,00,000 and its gross profit is 25% of sales value. The inventory at the beginning was Rs.5,50,000 and at the end of the year was 1,75,000. Compute the inventory turnover ratio and inventory holding period. [5+5]

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