Code No: 124DC

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JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
B.Tech. I Year II Semester Examinations, May - 2017
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to EEE, PTM)

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)   With assumed data, illustrate how cross elasticity of demand can be measured?   [2]
  b)   Under what conditions, demand curve cannot slope towards right?   [3]
  c)   What is the significance of Cobb-Douglas Production function?   [2]
  d)   Establish the relationship between Average cost and Marginal cost.   [3]
  e)   What are the important points to be included in a partnership deed?   [2]
  f)   Define 'Product differentiation' and explain how can it be made?   [3]
  g)   What do you understand by 'Ploughing back of profits'? How is it helpful to a business
       unit?   [2]
  h)   Which capital budgeting method do you choose between pay back method and
       Accounting Rate of Return method, in case the net annual earnings decline year after year
       during its life time?   [3]
  i)   What items constitute 'Net worth'?   [2]
  j)   What is the procedure you follow while finalizing Accounts, in case some balance of
       reserve for Provision for bad and doubtful debts is existing and you are required to
       modify the reserve by a given percentage?   [3]

PART-B
(50 Marks)

2.   Discuss in detail the nature and scope of Managerial economics and point out the issues
     that need the application of Managerial economics for decision making.   [10]
OR
3.   What is the purpose of Demand forecasting? Explain various methods of demand
     forecasting usually followed in business and also their suitability.   [10]

4.   What are the features of Isoquants? How can a producer find least cost combination of
     factor inputs through Isoquant analysis? Use necessary diagrams in support of your
     presentation.   [10]
OR
5.   Explain the following cost concepts and give suitable examples:
     a) Opportunity costs   b) Sunk costs   c) Implicit costs
     d) Incremental costs   e) Replacement costs.   [10]

6.   Distinguish between skimming and penetrating pricing policies of a business firm? What
     are the reasons for firms to follow different pricing policies?   [10]
OR

7. Some decades back, lot of importance was given for the promotion of public sector undertakings in India. Now the position is different. How can Government enter into business? Comment on the reasons for the change in the attitude of Government for participation in business in recent times. [10]

8. By considering assumed data, illustrate how Payback period method, Accounting rate of return method and Net present value method can be employed while selecting the effective alternative method. [10]

OR

9. What do you understand by 'Working capital cycle'? What is its significance? Explain in detail the various sources of mobilizing working capital needed by an industrial unit. [10]

10. What are financial statements? Explain how different tests of liquidity, solvency and profitability can be measured for interpretation? [10]

OR

11. From the following balances belonging to Darani, prepare Trading, Profit & loss Account for the year ending 31st March.2016 and Balance sheet as on that date:

Particulars	Dr.(Rs.)	Cr. (Rs.)
Opening stock	50,000	
Purchases	6,50,000	
wages	70,000	
Machinery	16,00,000	
Furniture	1,10,000	
Salaries	52,000	
cash	35,000	
Goodwill	1,00,000	
capital		10,00,000
Creditors		40,000
Sales		12,00,000
Interest received		16,000
Loan on Machinery		4,00,000
Bills payable		11,000
	26,67,000	26,67,000

Adjustments:
a) Closing stock was valued at Rs.75, 000
b) Wages and salaries are outstanding by Rs.10, 000 and Rs.5, 000 respectively
c) Depreciate Machinery @ 5%
d) Interest receivable outstanding Rs.5, 000. [10]

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