

Code No: R1631355

R16**SET - 1**

III B. Tech I Semester Regular Examinations, October/November - 2018
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Agricultural Engineering)

Time: 3 hours

Max. Marks: 70

- Note: 1. Question Paper consists of two parts (**Part-A** and **Part-B**)
2. Answer **ALL** the question in **Part-A**
3. Answer any **FOUR** Questions from **Part-B**

PART -A

1. a) Define the term Managerial Economics. [2M]
- b) What is test marketing? [2M]
- c) Discuss about economies of scale. [2M]
- d) Define skimming pricing. [3M]
- e) Write about limited and unlimited liability. [3M]
- f) What is trail balance? [2M]

PART -B

2. a) Define law of demand and explain the assumptions of demand. [7M]
- b) Explain the different survey methods of Demand fore casting [7M]
3. a) Explain the production function with two variable inputs. [7M]
- b) M/s. Raj & Co., company that buys alarm clocks from a manufacturer and distributes to retailers. M/s. Raj & Co would like to reduce its inventory cost by determining the optimal number of alarm clocks to obtain per order. The annual demand is 1,000 units, the ordering cost is Rs.10 per order, and the carrying cost is Rs.0.50 per unit per year. Each alarm clock has a purchase cost of Rs.5. How many clocks should the company order each time? [7M]
4. a) Explain the price - output determination under perfect competition. [7M]
- b) What do you mean by pricing and explain the objectives of pricing? [7M]
5. a) Define sole trading and explain the features and advantages. [7M]
- b) Discuss about joint stock company and its kinds. [7M]
6. a) How do you estimate the working capital requirements of an organization? [7M]
- b) A project requires an investment of Rs. 40,000. It is expected to generate cash flows at the end of each year as follows: [7M]

Year	Cash Flows (in Rs)
1	25000
2	20000
3	10000

Ascertain by NPV method whether the project will be accepted in each of the following situations:

i) The project is risk-free and expected return is 10% and 15%

7. a) What are profitable ratios? Explain them with an illustration [7M]
- b) What are liquidity and capital structure ratio's [7M]

