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

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 do you understand by 'Derived demand' and give an example.   [2]
  b) What are the criteria for choosing a good forecasting method?   [3]
  c) What are the different types of Isoquants?   [2]
  d) What efforts can contribute for widening the Angle of Incidence?   [3]
  e) What are 'External economies'? How do they influence cost?   [2]
  f) What are the limitations of 'Breakeven' theory?   [3]
  g) Why lot of importance is attached to Appraisal of long term investment decisions?   [2]
  h) Under what different conditions, Government can enter into business?   [3]
  i) How do you compute Earnings Per Share?   [2]
  j) What is a 'Contra entry'? Give suitable examples.   [3]

PART-B

(50 Marks)

2. What are the determinants of Demand? State and explain the law of Demand with its assumptions and exceptions.   [10]

OR

3. Why do business houses conduct demand forecasting before commencing production? Discuss in detail the various methods of forecasting potential demand for a product/service.   [10]

4. Explain the concepts 'Average Physical Product' 'Total Physical Product' and 'Marginal Physical Product'. Show their relationship giving a hypothetical production schedule and diagrammatic representation.   [10]

OR

5. How are costs classified? What relationship can you establish between them? Illustrate how Average cost be determined during short run and long run periods?   [10]

6. How are Markets classified? Elaborate the characteristics of Monopolistic competition? Discuss how a competitor can reach optimum output level under conditions of Monopolistic competition. Use necessary diagrams.   [10]

OR

7. What are the objectives of business under competitive conditions? Critically evaluate various forms of business enterprises in private sector in India.   [10]

8. What do you understand by 'Working capital cycle'? What are its components? Discuss in detail the various factors that influence the volume of working capital needed by a manufacturing organization. [10]

OR

9. XYZ Ltd. intended to buy a machine at a cost of Rs.`1,00,000. Two alternative models, namely A and B are available at the same cost and life of 6 years. The expected annual cash flows are as follows:

Year end	Machine 'A' (Rs.)	Machine 'B' (Rs.)
1	45,000	25,000
2	38,000	22,000
3	30,000	40,000
4	25,000	52,000
5	19,000	27,000
6	12,000	11,000

Apply Payback method and Net present value method (discounting rate being 10%) and recommend the better option. [10]

10. Following is the Balance sheet of Anand as on 31st March, 2016.

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
10,000 Equity shares @Rs.10 each	1,00,000	Fixed Assets	2,00,000
Reserves	20,000	Stock	30,000
P & L A/c.	30,000	Debtors	30,000
6% Debentures	80,000	Cash balance	40,000
Trade creditors	50,000	---	------
Bills payable	20,000	------	------
	3,00,000		**3,00,000**

You are required to calculate:
a) Debt-Equity ratio;
b) External Equities to Total Assets ratio;
c) Fixed Assets to Networth ratio;
d) Equity ratio. [10]

OR

11. What are the objectives of preparing the Trial Balance? Explain the procedure to be followed for preparing final accounts on the basis of data given in a trial balance. [10]

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