

**R13**

Code No: 113BV

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B. Tech II Year I Semester Examinations, February - 2024

MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

(Civil Engineering)

Time: 3 hours

Max. Marks: 75

Note: i) Question paper consists of Part A, Part B.

ii) Part A is compulsory, which carries 25 marks. In Part A, answer all questions.

iii) In Part B, Answer any one question from each unit. Each question carries 10 marks and may have a, b as sub questions.

**PART - A**

**(25 Marks)**

- 1.a) What is the meaning of unitary elastic demand? [2]
- b) Briefly state the relation between managerial economics and microeconomics. [3]
- c) To what cause would you attribute the law of increasing returns? [2]
- d) Point out the economic significance of the opportunity cost. [3]
- e) In the short run, what is the condition for a firm to achieve equilibrium in a perfect market? [2]
- f) What is a departmental undertaking? [3]
- g) Define IRR. [2]
- h) What all constitute current liabilities of a business? [3]
- i) What is the quick ratio? What is the norm for it? [2]
- j) What is a petty cash book? [3]

**PART - B**

**(50 Marks)**

- 2.a) Distinguish between demand schedule and demand curve.
- b) Briefly explain the link between economics and finance. [6+4]

**OR**

- 3.a) Assume the average price of a new model of Maruti car in Mumbai is Rs.4,60,000 and 90,000 cars are sold at this price in a year. If the price elasticity of demand for new cars is 1.6, what will be the effect that on annual sales when the average price of this new model declines to Rs. 4,15,000.
- b) What do you understand by the Law of Equi-Marginal Utility? [6+4]

- 4.a) What is a production function?
- b) What are the properties of isoquants and iso costs? [5+5]

**OR**

5. The sales of Forma Ltd. in the first half of the year amounted to Rs.2,70,000 and profit earned was Rs.7,200. The sales in the second half year registered an increase and amounted to Rs.3,42,000. The profit earned was Rs.20,700 in that half year. Assuming no change in fixed cost, calculate; a) P/V ratio b) The amount of sales required to earn a profit of Rs.36,000. [10]

- 6.a) Why monopoly is considered socially undesirable?  
 b) What is commodity bundling? [5+5]

**OR**

- 7.a) Differentiate between unlimited and limited company.  
 b) What do you understand by the term full convertibility? [5+5]

- 8.a) Distinguish between bank overdraft and trade credit.  
 b) What are the advantages and disadvantages of the Accounting Rate of Return method? [5+5]

**OR**

- 9.a) A new machine will cost Rs.1 crore and is expected to provide an annual net cash flow of Rs. 30 lakhs for the next five years with the cost of capital being 10 percent. What is the net present value of the machine?  
 b) Describe the methods of capital budgeting. [5+5]

10. From the following Balances pertaining to Kiran Kumar, prepare the trial balance as on 31<sup>st</sup> March 2023. [10]

Particulars		Rs.
Kiran Kumar's capital	25,00,000	(cr.)
Salaries	6,00,000	(dr.)
Purchases	26,00,000	(dr.)
Sales	47,00,000	(cr.)
Trade expenses	1,00,000	(dr.)
Wages	7,80,000	(dr.)
Freight inwards	40,000	(dr.)
Office expenses	50,000	(dr.)
Discount received	20,000	(cr.)
Commission paid	60,000	(dr.)
Postage charges	1,20,000	(dr.)
Debtors	30,00,000	
Creditors	21,00,000	
Furniture	3,00,000	(dr.)
Machinery	10,00,000	(dr.)
Insurance	40,000	(dr.)
Bills receivable	2,00,000	(dr.)
Bills payable	6,80,000	(cr.)
Opening stock	7,00,000	(dr.)
Cash in hand	50,000	(dr.)
Cash at bank	3,60,000	(dr.)

**OR**

- 11.a) What is goodwill? How is it treated in balance sheet?  
 b) What are activity ratios? Define three activity ratios with illustrations. [4+6]