

**R15**

**Code No: 125EG**

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**

**B. Tech III Year I Semester Examinations, March - 2024**

**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

**(Mechanical 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) Give the meaning of Managerial Economics. [2]
- b) Tell the importance of Demand Analysis. [3]
- c) What are the three law of returns in economics? [2]
- d) Draft out Graphical representation of Isocosts. [3]
- e) List out the Objectives of pricing. [2]
- f) Identify different features of Monopoly. [3]
- g) Define Capital Budget. [2]
- h) What are the different Sources of raising capital? [3]
- i) What are the different rules should follow while writing journal entries? [2]
- j) Draw a format for Trail balance. [3]

**PART - B**

**(50 Marks)**

- 2.a) Explain different types of Elasticity of Demand with its suitability in the organisation.
- b) Illustrate the concept of Law of Demand with its exceptions. [5+5]

**OR**

- 3.a) Explain the scope of Managerial Economics.
- b) Discuss different methods of demand forecasting with its advantages and disadvantages. [5+5]

- 4.a) How would you apply the concept of increasing returns to scale in a real world scenario?
- b) Explain different factors under Internal Economies of Scale. [5+5]

**OR**

- 5.a) Draft out how to identify the Least Cost Combination of Inputs with the help of Isocosts and Isoquants?
- b) Give the meaning for Break-even Analysis and give procedure to calculate Break-even Point. [5+5]

- 6.a) Analyze the scenario of Changing Business Environment in Post-liberalization scenario.

- b) Different between the Perfect competition and Monopolistic Competition. [5+5]

**OR**

7.a) Illustrate the importance of Joint Stock Company in the changing business organisations.

b) Explain how to determine the Price-Output relation in the short run and long run Perfect Competition. [5+5]

8.a) Identify different types of capital with its advantages and disadvantages.

b) Explain the major methods of capital budgeting with suitable examples. [5+5]

**OR**

9.a) Analyze how to estimate the Fixed capital requirements in any organisation.

b) The management of Fine Electronics Company is considering to purchase an equipment to be attached with the main manufacturing machine. The equipment will cost \$6,000 and will increase annual cash inflow by \$2,200. The useful life of the equipment is 6 years. After 6 years it will have no salvage value. The management wants a 20% return on all investments.

i) Compute net present value (NPV) of this investment project.

ii) Should the equipment be purchased according to NPV analysis? [4+6]

10.a) Explain Accounting concepts and Conventions in detail.

b) Illustrate the procedure for analysis and Interpretation of different types of Liquidity Ratios. [5+5]

**OR**

11. Prepare the trading and profit and loss account and balance sheet of M/s Shine Ltd from the following particulars.

Account Title	Amt.(Rs)	Account Title	Amt.(Rs)
Sundry Debtors	1,00,000	Bills Payable	85,550
Bad Debts	3,000	Sundry Creditors	25,000
Trade Expenses	2,500	Provisions for Bad Debts	1,500
Printing and Stationery	5,000	Return Outwards	4,500
Rent, Rates and Taxes	3,450	Capital	2,50,000
Freight	2,250	Discount Received	3,500
Sales Return	6,000	Interest Received	11,260
Motor Car	25,000	Sales	1,00,000
Opening Stock	75,550		
Furniture and Fixture	15,500		
Purchase	75,000		
Drawings	13,560		
Investments	65,500		
Cash in Hand	36,000		
Cash at Bank	53,000		
	4,81,310		4,81,310

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Adjustments

- a) Closing stock was valued Rs.35,000.
- b) Depredation charged on furniture and fixture @ 5%.
- c) Further bad debts Rs.1,000. Make a provision for bad debts @ 5% on sundry debtors.
- d) Depreciation charged on motor car @ 10%.
- e) Interest on drawings @ 6%.
- f) Rent, rates and taxes was outstanding Rs. 200.
- g) Discount on debtors 2%.

[10]

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