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Code No: 126VJ

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B. Tech III Year II Semester Examinations, February - 2023
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Common to ECE, CSE)

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 law of diminishing marginal utility? [2]
- b) What is the nature of cross elasticity for i) substitutes and ii) complements? [3]
- c) When input factors are not perfect substitutes what is the shape of isoquant? [2]
- d) What is semi-fixed or semi-variable costs? Explain with examples. [3]
- e) What is duopoly? [2]
- f) What is the minimum number of people to form a private limited company? What is the maximum number? [3]
- g) What is profitability index? [2]
- h) What are the items constituting working capital? [3]
- i) Define interest coverage ratio. [2]
- j) State under what headings (Personal, Real or Nominal) would you classify the following accounts: Patents account, insurance unexpired and salary prepaid a/c. [3]

PART - B

(50 Marks)

- 2.a) What are the areas of decision making in business where managerial economics is of great use?
- b) Distinguish 'extension and contraction of demand' versus 'increase and decrease in demand' [5+5]

OR

- 3.a) Assume that the average price of one of the models of car in a particular city is Rs. 5,50,000 and 90,000 cars are sold at this price in a year. If the price elasticity of demand for this model of car is 1.7, what will be the effect on sales when the average price of this model declines to Rs. 4,50,000?
- b) State the law of demand and briefly explain it. [5+5]

- 4.a) Why is short run average cost curve U shaped?
- b) What are the properties of isoquant? [5+5]

OR

- 5.a) Distinguish between:
 - i) Prime costs and supplementary costs and ii) Real cost and opportunity cost.
- b) Discuss the cost output relationship in the long run. [5+5]

- 6.a) What is a perfect competition? What are its features?
 b) Bring out the difference between monopoly and monopolistic market. [5+5]

OR

- 7.a) What is a public enterprise? What are the different types of public enterprises? Discuss.
 b) Examine the methods of pricing. [5+5]

- 8.a) What are the limitations of capital budgeting?
 b) What is IRR? How is it arrived at? [6+4]

OR

9. Phoenix Company is considering two mutually exclusive investments, Project P and Project Q. The expected cash flow of these projects are as follows:

Year	Project P (Rs. thousands)	Project Q (Rs. thousands)
0	1,000	1,600
1	200	400
2	600	400
3	250	600
4	1,000	800
5	4,000	200

Which project would you choose if the cost of the capital is 10%? [10]

- 10.a) What is meant by three column cash- book? Give a specimen copy of it.
 b) Distinguish between Accrual basis of accounting and Cash basis of accounting. [5+5]

OR

11. From the following data, calculate: a) Net worth to debt. b) Inventory turnover c) Net profit ratio and d) return on total assets. [10]

Particulars	Rs.
Sales	25,20,000
Cost of sales	19,20,000
Net profit	3,60,000
Inventory	8,00,000
Other current assets	7,60,000
Fixed assets	14,40,000
Net worth	15,00,000
Debt	9,00,000
Current liabilities	6,00,000

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