

Code No: 154AH

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B. Tech II Year II Semester Examinations, August/September - 2021

BUSINESS ECONOMICS AND FINANCIAL ANALYSIS

(Common to CSE, IT, ITE)

Time: 3 hours

Max. Marks: 75

Answer any five questions
All questions carry equal marks

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- 1.a) What is venture capital? What is the objective of venture capital funding?
b) Discuss the concepts of national income and brief on money supply in Inflation. [7+8]
- 2.a) What is the various discipline to which business economics has its linkage?
b) Briefly explain 'production approach' to measurement of national income. [8+7]
- 3.a) What is income elasticity? Calculate the income elasticity for demand for electricity, when increase in income of a person from Rs.18,000 to Rs.24,000 raises the consumption level from 100 units to 200 units per month.
b) Explain the following two methods of demand forecasting:
i) composite sales force opinion. ii) test marketing. [8+7]
- 4.a) What is the difference between demand schedule and demand function?
b) Describe the supply function and law of supply with an illustration. [8+7]
- 5.a) Three firms in the same industry all sell their product at Rs.20 per unit. Their total fixed cost and average cost per unit are shown below:

XXXXXXXXXX	A	B	C
Total fixed cost (Rs.)	2,00,000	5,00,000	10,00,000
Average variable cost (Rs.)	15	10	5

- You are required to calculate the breakeven output of each of the firm.
- b) Explain different types of production function and brief on returns to scale. [8+7]
- 6.a) What is cost-based pricing? What are some of the cost-based pricing techniques?
b) Explain the nature of competition and what are the causes of monopoly market? [8+7]
- 7.a) State under what heading, (Personal, Real, or Nominal) would you classify each of the following accounts.
i) salary prepaid account
ii) salary outstanding account
iii) rent account
iv) bank account
v) insurance unexpired
vi) proprietor's account
vii) bad debts account
viii) furniture account
ix) goodwill account
x) patents account.
- b) Explain the various accounting concepts and conventions. [8+7]

- 8.a) Explain how fund flow analysis differs from cash flow analysis.
- b) From the given Balance Sheet calculate:
- Debt-equity ratio
 - Liquidity ratio
 - Fixed assets to current assets ratio and
 - Fixed assets to Net worth ratio.

[7+8]

Balance Sheet

Liability	Rs.	Assets	Rs.
Share capital	1,00,000	Goodwill	60,000
Reserves	20,000	Fixed assets (cost)	1,40,000
Profit and loss a/c	30,000	Stock	30,000
Secured loans	80,000	Debtors	30,000
Creditors	50,000	Advances	10,000
Provision for taxation	20,000	Cash	30,000
	3,00,000		3,00,000

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