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**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**
**B. Tech III Year I Semester Examinations, October - 2020**
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**
**(Common to ME, EIE, IT, MCT, AME, MIE)**

**Time: 2 hours**                                                                 **Max. Marks: 75**

**Answer any five questions**
**All questions carry equal marks**
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1.a) Discuss the role of Managerial Economics in business decision making.
  b) What is Demand? What are the determinants of demand?                    [8+7]

2.a) Define Elasticity of demand. How do you measure it?
  b) What are the objectives of demand forecasting? What are the different methods of forecasting demand?                                                 [7+8]

3.a) Distinguish between Fixed cost and Variable cost with examples.          [7+8]
  b) From the following information, calculate:
     i) P/V Ratio          ii) Break-even point          iii) Margin of Safety
     Total Sales                  -          Rs. 3,60,000
     Selling price per unit       -          Rs. 100
     Variable cost per unit       -          Rs. 5
     Fixed costs                  -          Rs. 1,00,000

4.a) Outline the salient features of Perfect competition and how is price determined under it. Use necessary diagrams.
  b) What pricing strategies would you adopt during stiff competition?         [8+7]

5.a) Examine critically the merits and demerits of a Joint Stock Company.
  b) Comment on the states of public enterprises in India during recent years.  [7+8]

6.a) What do you understand by 'working capital cycle'? What are its components?
  b) What are the sources to be availed for mobilizing working capital needed by a manufacturing organization?                                              [7+8]

7.a) Define Capital Budgeting. Explain its importance.
  b) Two projects, costing Rs. 35,000 each have cash inflows as given below. Total cash inflows in both projects are Rs. 64,000. Which project would you recommend to start and why?                                                            [7+8]

| Year | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Project A (Rs.) | 12,000 | 13,000 | 17,000 | 12,000 | 10,000 |
| Project B (Rs.) | 13,000 | 12,000 | 19,000 | 9,000 | 11,000 |

8.a) Illustrate the presentation of Assets and Liabilities in a Balance sheet.
  b) What is Ratio analysis? What are its uses and limitations?                [7+8]

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