

**Code No: 125EG****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****B. Tech III Year I Semester Examinations, August - 2022****MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS****(Common to ME, EIE, IT, MIE)****Time: 3 Hours****Max. Marks: 75****Answer any Five Questions  
All Questions Carry Equal Marks**

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- 1.a) What is managerial economics? What is its significance in smooth running of a business?  
b) What do you understand by changes in Quantity Demanded vs Changes in Demand? [8+7]
- 2.a) Why demand forecasting important for a manager and describe different methods of demand forecasting.  
b) Discuss the nature, scope of managerial economics and brief on law of demand. [8+7]
- 3.a) Explain the concept of MRTS.  
b) A company has fixed costs of Rs.300,000 and produces one product with a selling price of Rs.72 and a variable cost of Rs.42 per unit. The maximum factory capacity is 20,000 units and it anticipates selling 15,000 units. Construct a break-even chart showing the break-even point and the margin of safety at present. How much profit will they make if sales increase to the maximum that the factory can supply? [7+8]
- 4.a) Explain Production function while describing three stages of production with suitable diagram.  
b) XYZ firm has a fixed cost of Rs.600000; selling price per unit is Rs.400/- and variable cost per unit is Rs.200/- present level of production is 30000 units. Calculate BEP in terms of volume and sales value and P/V ratio. [8+7]
- 5.a) Explain types of different market structure based on competition and brief on price output determination under perfect competition.  
b) What is a public enterprise? Explain the features of public enterprises. [8+7]
- 6.a) Compare Oligopoly and Monopoly type market structure.  
b) Discuss changing business environment in post-liberalization scenario. How do you see entrepreneurial culture fare in our country? [7+8]
- 7.a) What is capital? What are various sources of raising long-term capital?  
b) ABC company is expanding its operations and wants to open a new plant costing Rs.6,00,000. The company expects varying annual net cash flows as follows;  
Year 1- Rs.1,20,000; Year 2- Rs.1,50,000; Year 3- Rs.1,60,000; Year 4- Rs.1,70,000;  
Year 5- Rs.1,00,000. Calculate the payback period and calculate the Net Present Value for above data. (Assume the company expected 15% rate of return). [7+8]

- 8.a) What is ratio analysis? Discuss the significance of capital structure and profitability ratios.
- b) The following entries come from the ledger of ABC Company.

Equipment	Rs. 88000
Owner's Drawings	Rs. 8000
Accounts Payable	Rs. 22000
Notes Payable (due in 3 months)	Rs. 19000
Accounts Receivable	Rs. 4000
Service Revenue	Rs. 95000
Owner's Capital	Rs. 20000
Salaries and Wages Payable	Rs. 2000
Salaries and Wages Expense	Rs. 42000
Utilities Expense	Rs. 3000
Prepaid Insurance	Rs. 6000
Cash	Rs. 7000

Prepare a trial balance.

[7+8]

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