

III B.Tech I Semester Regular & Supplementary Examinations, November 2011  
**MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS**  
 (Common to Civil Engineering & Mechanical Engineering & Electronics and  
 Communications Engineering & Electronics and Computer Engineering &  
 Biotechnology & Automobile Engineering)

Time: 3 Hours

Max Marks: 80

Answer any FIVE Questions  
 All Questions carry equal marks  
 Note: Permit the PV tables for Q. No. 3

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1. Explain the following methods of forecasting demand.
  - (a) Survey of buyer's Intentions
  - (b) Judge mental Approach
  - (c) Economic indicators
  - (d) Time series analysis
2. Discuss briefly the relationship among total product, average product and marginal product.  
with the help of assumed data represent graphically.
3. Consider the case of the company with the following two investment alternatives each costing Rs. 10,00,000/-. The details of the cash flows are as follows.

Year	Cash flows (in Rs.)	
	Project-I	Project-II
1	3,00,000	6,00,000
2	5,00,000	4,00,000
3	6,00,000	3,00,000

- The cost of capital is 12 per cent per year. Which one will you choose?
- (a) Under NPV method.
  - (b) Under IRR method.
  - (c)
4. Define markets. Elaborate how differently are markets classified?
  5. If sales are 20,000 units and selling price is Rs. 25 per unit, variable cost Rs. 15 per unit and fixed cost is Rs. 90,000. Find out BEP in units and sales revenue. What is profit earned? What should be the sales for earning a profit of Rs. 80,000/-.
  6. What do mean by partnership? Explain its features, advantages and disadvantages.
  7. Discuss the accounting principles and accounting concepts.
  8. What are liquidity ratios? Discuss their significance.

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**Code No: V3101/R07**

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Note: Permit the PV tables for Q. No. 6

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1. Define Managerial Economics. Explain the nature and scope of Managerial Economics.
2. Define the Law of Demand. What are its Exceptions? Explain.
3. What is perfect competition? Explain the equilibrium of firm and industry in both the short-run and long-run under perfect competition.
4. Define production function? What are the types of production function? Explain them in brief.
5. Discuss the role of sole proprietorship in forms of organization.
6. Consider the case of the company with the following two investment alternatives each costing Rs. 9,00,000/-. The details of the cash flows are as follows.

Year	Cash flows (in Rs.)	
	Project-1	Project-II
1	3,00,000	6,00,000
2	5,00,000	4,00,000
3	6,00,000	3,00,000

The cost of capital is 10 per cent per year. Which one will you choose?

- (a) Under IRR method.
- (b) Under NPVI method.

7. XYZ Company has supplied you the following information.  
No. of units sold 30,000 units  
Fixed cost Rs. 2, 50,000  
Variable cost per unit Rs. 15  
Selling price per unit Rs. 30

Find out:

1. BEP in units
  2. Margin of safety
  3. Sales to get a profit of Rs. 2,00,000
  4. Verify the results in all the above cases
8. Compare and contrast between liquidity ratios and solvency ratios.

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4. Define production function? What are the types of production function? Explain them in brief.
5. Discuss the role of sole proprietor ship in forms of organization.
6. Rank the following investment proposals in order of their profitability according to pay-back period and NPVI methods assuming the cost of capital to be 12%.

Project	Initial Outlay (Rs.)	Annual Cash flow (Rs.)	Life in Years
A	25,000	3,000	10
B	3,000	1,000	5
C	12,000	2,000	8
D	20,000	4,000	10
E	40,000	8,000	12

7. Explain the various accounting concepts and conventions.
8. What is meant by ratio analysis? Discuss its objectives and limitations.

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**Set No:4**

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**Time: 3 Hours**

**Max Marks:80**

Answer any FIVE Questions  
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1. Define Managerial Economics. Explain the nature and scope of Managerial Economics.
2. What is Price Elasticity of Demand? How do you measure it?
3. What is perfect competition? Explain the equilibrium of firm and industry in both the short-run and long run under perfect competition.
4. Define production function? What are the types of production function? Explain them in brief.
5. Define sole trader. What are the features, merits and demerits of sole trader?
6. What are the methods of ranking investment proposals?
7. What is accounting? Explain the types of accounts with suitable formulae.
8. Explain the importance of ratios and their limitations?

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