

Code No: 55015

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY, HYDERABAD**B. Tech III Year I Semester Examinations, May/June - 2015****MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS****(Common to ME, EIE, BME, IT, MCT, ECM, BT, AME, MIE, MIM, MSNT)**

Time: 3 hours

Max. Marks: 75

Answer any five questions
All questions carry equal marks

- 1.a) What is Giffens' paradox?
b) Why do demand curves slope downward to right normally? Explain. [7+8]
- 2.a) What is test marketing? What are its advantages and disadvantages?
b) What is cross elasticity of demand? How does cross elasticity of complementary goods differ from substitutes? [7+8]
- 3.a) A company makes a single product. Its variable cost per unit is Rs.250 and the product is sold at Rs.900 each. If the fixed cost Rs. 12,00,000, find out the break even point in terms volume and sales value.
b) What is expansion path (in the context of iso-cost)? [7+8]
4. How is price determined in case of monopoly market? Illustrate your answer. [15]
5. Explain the impact of liberalization, privatization, globalization on Indian economy. [15]
6. Journalize the following transactions. Also state the nature of each account involved (nominal, real or personal a/c) separately in a separate column.
Jan 01,2015 Aurora started business with cash of Rs.40,000.
03, he paid to bank Rs.2000
05. he purchased goods for cash Rs.15,000
06 sold goods for cash Rs.6000
10 purchased furniture paid by cheque Rs. 5000
12 sold goods to Aravind Rs. 4000
14 he purchased goods from Amrit Rs.10000
15 he returned goods to Amrit Rs.5000
16 he received from Arvind Rs.3960 in full settlement
18 he withdrew goods for personal use Rs.1000
30 paid for stationary Rs.200, rent Rs.500 and salaries to staff Rs.2000
31 Cash paid to Amrit in full settlement Rs.4900. [15]
7. From the extract of a balance sheet of a company, calculate the debt equity ratio and interest coverage ratio.
60,000 12% preference shares of Rs.100 each
2,50,000 equity shares of Rs.10 each
10% ,40000 debentures of Rs.10,00,000
Net profit during the year Rs.15,00,000. [15]

8. A machine costing Rs.2,00,000 is bought and it is expected to fetch the following cash flows for the next 5 years.

Cash flow at the end of	1 st year	2 nd year	3 rd year	4 th year	5 th year
Rs.	80,000	1,20,000	90,000	80,000	80,000

- a) What is the payback period?
b) At 10% d.c.f calculate the net present value.

[7+8]

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