

**II B.Tech I Semester Examinations, May/June 2012**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
**Common to Civil Engineering, Metallurgy And Material Technology**  
**Time: 3 hours** **Max Marks: 80**

**Answer any FIVE Questions**  
**All Questions carry equal marks**

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1. (a) What are the causes for the emergence of Monopoly?  
 (b) Elaborate how price output decisions can be taken by a monopolist. [6+10]
2. Compare and contrast the NPV and ARR methods of evaluating investment proposals and illustrate. [16]
3. Give a brief account on the important records of Accounting under Double entry system and discuss briefly the scope of each. [16]
4. Explain the causes for failure of public sector organisations in our country. Suggest measures to revamp them. [16]
5. (a) From the following information, calculate [16]
  - i. Debt Equity ratio
  - ii. Current ratio

	Rs.		Rs.
Debentures	1,40,000	Bank balance	30,000
Long term loans	70,000	Sundry Debtors	70,000
General reserve	40,000		
Creditors	66,000		
Bills payable	14,000		
Share capital	1,20,000		

- (b) Calculate Interest Coverage ratio from the following information.

	Rs.
Net profit after deducting interest and taxes	6,00,000
12% Debentures of the face value of	15,00,000
Amount provided towards taxation	1,20,000

6. (a) Explain how does cost-output relationship help the management while taking output decisions.  
 (b) How is long run Average cost determined? [8+8]
7. Define Managerial Economics. Explain its nature and scope. [16]
8. What is meant by Elasticity of demand. What are the factors that determine the elasticity demand? [16]

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