

II B.Tech II Semester Regular Examinations, Apr/May 2008
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
 (Common to Electrical & Electronic Engineering, Electronics &
 Instrumentation Engineering, Bio-Medical Engineering, Electronics &
 Control Engineering, Mechatronics and Bio-Technology)

Time: 3 hours

Max Marks: 80

Answer any FIVE Questions
All Questions carry equal marks

1. Managerial Economics is the application of Economic Theory to business management. Discuss. [16]
2. What are the needs for demand forecasting. Explain the various steps involved in demand forecasting. [16]
3. Explain in detail the three stage production function and also represent diagrammatically. [16]
4. (a) Define Market and explain how markets are classified?
 (b) What are the important features in any market structure? [12+4]
5. Discuss about the short-comings of the public sector enterprises in India and what is their future? [16]
6. Compare and contrast the NPV and ARR methods of evaluating investment proposals and illustrate. [16]
7. The following trial balance belongs to Amzad Khan with the help of which prepare trading and profit and loss A/c and balance sheet. [16]

	Dr.	Cr.
Drawing and capital	18,000	1,00,000
Furniture	32,500	
Equipment	15,000	
Loan payable		15,000
Interest on loan	900	
Sales		1,00,000
Purchases	75,000	
Opening stock(1.1.05)	25,000	
Trade expenses	15,000	
Wages	2,000	
Insurance	1,000	
Commission received		4,500
Sundry debtors	28,100	
Cash at bank	20,000	
Sundry creditors		10,000
Interest received		3,000
	2,32,500	2,32,500

Adjustments:

- (a) Closing stock as on 31st December 2005, was valued at Rs.60,000
 - (b) Wages were outstanding by Rs.500
 - (c) Provide depreciation @ 10% on furniture.
8. State the significance of each of the following ratios and turnovers and explain how each one is calculated
- (a) Current ratio
 - (b) Debtor-Turnover ratio
 - (c) P/E ratio and
 - (d) Earnings per share.

[16]
