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SET NO. 4

2007 JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY

**II B.TECH I SEMESTER REGULAR EXAMINATIONS,
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(COMMON TO CIVIL ENGINEERING AND METALLURGY & MATERIAL TECHNOLOGY)**

NOVEMBER 2007

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. (a) *When fixed cost is Rs.7000, Profit is Rs. 3000 and Sales are Rs.50000, what is the P/V Ratio?*

(b) *A company making and selling toys has made the following estimates: Selling price Rs.20 per unit, Fixed costs Rs. 15 lakhs, Variable costs Rs. 16 per unit. What happens in case selling price is reduced to Rs.18 per unit. [8+8]*
4. (a) *Define and explain the concept 'Monopoly' and discuss how absolute monopoly is different from imperfect monopoly?*

(b) *What are the salient features of monopolistic competition?*

(c) *Distinguish between 'Monopoly' and Monopolistic competition. [6+6+4]*
5. *What are the differences between a partnership business and company form of organization? [16]*
6. *A company is considering two investment opportunities (A and B) that cost Rs. 4,00,000 and Rs. 3,00,000 respectively. The first project generates Rs. 1,00,000/- a year for four years. The second generates Rs.60,000/-, Rs. 1,00,000/-, Rs. 80,000/- Rs, 90,000/- and Rs. 70,000 over a five year period. The company's cost of capital is 8%. Which project would you choose under NPV method? [16]*
7. *Give a brief account on the important records of Accounting under Double entry system and discuss briefly the scope of each. [16]*
8. (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

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