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SET NO. 3

## 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 integration of Economic Theory with Business Practice for the purpose of decision making and forward planning. Discuss. [16]
2. Explain Income Elasticity of demand and its significance in making business decisions. [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. "In the changing business environment the public sector enterprises should follow the principles of business" Is it true? [16]
6. Write short notes on the following: [4×4]
  - (a) Public deposits
  - (b) Time value of money
  - (c) Circulating capital
  - (d) Investment evaluation.
7. The following balances were taken from the books of Balaram with the help of which prepare Trading, Profit & Loss A/c for the year ending 31st March 2005 and the Balance sheet. [16]

Debit	Credit
Opening stock	4,500
Purchases	25,000
Wages	2,500
Salaries	2,000
Postage	200
Drawings	2,800
Debtors	2,000
Buildings	7,500
Furniture	4,000
Sales	30,000
Capital	16,500
Creditors	3,300
Interest received	700
50,500	50,500

Adjustments:

(a) Closing stock was valued at Rs.10,000

(b) Wages were outstanding by Rs.500

(c) Interest received in advance amounted Rs. 200 out of the given balance.

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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