

Code: EC7T6

**IV B.Tech - I Semester – Regular/Supplementary Examinations
October - 2019**

**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(ELECTRONICS & COMMUNICATION ENGINEERING)**

Duration: 3 hours

Max. Marks: 70

PART – A

Answer *all* the questions. All questions carry equal marks

11 x 2 = 22 M

1.

- a) Give the definition and scope of managerial economics.
- b) Under what assumptions law of demand is established?
- c) What is the main idea of ‘Delphi method’?
- d) Give a description of ‘imperfectly elastic demand’, with graphical illustration?
- e) Describe ‘opportunity cost’ with suitable example.
- f) What is MRTS?
- g) List out the features of Sole proprietorship?
- h) What is ‘Ledger’?
- i) List out any four pricing strategies with examples.
- j) Write a note on solvency ratios.
- k) Define internal rate of return (IRR)?

PART – B

Answer any **THREE** questions. All questions carry equal marks.

3 x 16 = 48 M

2. a) How managerial economics is related with ‘accounting’ and ‘statistics’? Discuss. 10 M
- b) What is law of demand? Describe the limitations of the law. 6 M
3. a) Discuss in detail the factors determining ‘price elasticity of Demand’. 8 M
- b) How would you forecast the demand for a newly developed product? 8 M
4. a) Define break-even point. Draw a break-even chart and explain its components. 10 M
- b) Distinguish between ‘partnership’ and ‘Joint Stock Company’ business. 6 M
5. a) Write the basic structure of trial balance and explain its components. 10 M
- b) Describe ‘monopoly’ and ‘perfect competition’ with suitable examples. 6 M

6. a) Bharat Company Ltd has to choose one of the following two actually exclusive machines. Both the machines have to be depreciated. Which machine would you recommend based on Net Present Value method? 10 M

Cash inflows

Year	Machine 'P'	Machine 'Q'
0	-20,000	-20,000
1	5,500	6,200
2	6,200	8,800
3	7,800	4,300
4	4,500	3,700
5	3,000	2,000

- b) What is capital budgeting? Explain its needs and importance. 6 M