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SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY:: PUTTUR
(AUTONOMOUS)
B.Tech III Year II Semester Supplementary Examinations Dec 2019
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS
(Mechanical Engineering)

Time: 3 hours

Max. Marks: 60

(Answer all Five Units 5 x 12 = 60 Marks)														
UNIT-I														
1	a Explain the scope of Managerial Economics.	6M												
	b What is Managerial Economics?	6M												
OR														
2	a How Managerial Economics applied in decision making? Explain	6M												
	b Define Elasticity of Demand. What are the factors governing Elasticity of Demand?	6M												
UNIT-II														
3	a Explain the concept of Iso-quants and Iso-Costs.	6M												
	b What is Break Even Point? Illustrate the concept of Break Even Point.	6M												
OR														
4	a Define Break-even point with graph and state the assumptions.	6M												
	b State the Characteristics of Iso-quants with examples.	6M												
UNIT-III														
5	a Explain how price is determined under perfect competition.	6M												
	b Distinguish between monopoly and perfect competition.	6M												
OR														
6	a Short answer questions: a) Monopolistic competition. b) Cost plus pricing. c) Skimming pricing. d) Characteristics of Monopoly. e) Market Penetration.	4M												
	b Write a short notes on new economic environment.	8M												
UNIT-IV														
7	a Consider the case of the company with the following two investment alternatives each costing Rs.9 lakhs. The details of cash inflows are as follows. <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">Project 1</th> <th style="text-align: center;">Project 2</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">3,00,000</td> <td style="text-align: center;">6,00,000</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">5,00,000</td> <td style="text-align: center;">4,00,000</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">6,00,000</td> <td style="text-align: center;">3,00,000</td> </tr> </tbody> </table> <p style="text-align: center;">The cost of capital is 10% per year with NPV Method.</p>	Year	Project 1	Project 2	1	3,00,000	6,00,000	2	5,00,000	4,00,000	3	6,00,000	3,00,000	8M
Year	Project 1	Project 2												
1	3,00,000	6,00,000												
2	5,00,000	4,00,000												
3	6,00,000	3,00,000												
	b Define Accounting rate of return method.	4M												

OR																							
8	a	Write a short notes on a. Payback period. b. Net present Value method.	6M																				
	b	A business needs a new machine and has to make the choice between machine Y and Machine Z. The initial cost and net cash flow over five years to the business have been calculated for each machine as follows: <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding-right: 20px;">Initial cost</th> <th style="text-align: center; padding-right: 20px;">Machine Y</th> <th style="text-align: center;">Machine Z</th> </tr> </thead> <tbody> <tr> <td style="text-align: left; padding-right: 20px;">Net cash flow</td> <td style="text-align: center; padding-right: 20px;">20,000</td> <td style="text-align: center;">28,000</td> </tr> <tr> <td style="text-align: left; padding-right: 20px;">1</td> <td style="text-align: center; padding-right: 20px;">8,000</td> <td style="text-align: center;">10,000</td> </tr> <tr> <td style="text-align: left; padding-right: 20px;">2</td> <td style="text-align: center; padding-right: 20px;">12,000</td> <td style="text-align: center;">12,000</td> </tr> <tr> <td style="text-align: left; padding-right: 20px;">3</td> <td style="text-align: center; padding-right: 20px;">9,000</td> <td style="text-align: center;">12,000</td> </tr> <tr> <td style="text-align: left; padding-right: 20px;">4</td> <td style="text-align: center; padding-right: 20px;">7,000</td> <td style="text-align: center;">9,000</td> </tr> <tr> <td style="text-align: left; padding-right: 20px;">5</td> <td style="text-align: center; padding-right: 20px;">6,000</td> <td style="text-align: center;">9,000</td> </tr> </tbody> </table> <p style="margin-left: 40px;">Only one machine is needed, calculate: i) Pay Back Period ii) Accounting rate of Return</p>	Initial cost	Machine Y	Machine Z	Net cash flow	20,000	28,000	1	8,000	10,000	2	12,000	12,000	3	9,000	12,000	4	7,000	9,000	5	6,000	9,000
Initial cost	Machine Y	Machine Z																					
Net cash flow	20,000	28,000																					
1	8,000	10,000																					
2	12,000	12,000																					
3	9,000	12,000																					
4	7,000	9,000																					
5	6,000	9,000																					
UNIT-V																							
9	a	Write short notes on debtors turnover ratio.	6M																				
	b	Write about various types of accounts and their rules governing each account.	6M																				
OR																							
10	a	Journalize the following transactions in the books of Amrutha. 2012, Jan 1 Amrutha commenced business with cash Rs.50,000 2 Purchased goods for cash Rs.10,000 3 Purchased goods from Mohan Rs.6,000 7 Paid into bank Rs.5,000 10 Purchased furniture Rs.2000 20 Sold goods to Suresh on credit Rs.5,000 25 Cash sales Rs. 3,500 26 Paid to Mohan on account Rs.3,000 31 Paid salaries Rs.2,800	6M																				
	b	Short answer questions: (i) Journal. (ii) Trial balance	6M																				

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