

**II B.Tech I Semester Regular Examinations, Nov/Dec 2009**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
**Common to Information Technology, Computer Science And Engineering,**  
**Computer Science And Systems Engineering**

Time: 3 hours

Max Marks: 80

**Answer any FIVE Questions**  
**All Questions carry equal marks**

\*\*\*\*\*

1. What do you understand by public enterprise? Explain the need for public enterprise in India. [16]
2. What are financial statements? Why are they needed? How are they prepared? [16]
3. Write a brief note on the following:
  - (a) Demonstration Effect
  - (b) Snof Affect
  - (c) Price Demand
  - (d) Income Demand. [4+4+4+4]
4. What is Capital Budgeting? What are methods useful for this purpose? [16]
5. Explain the differences between the slope of demand and its elasticity. [16]
6. Describe short run and long run equilibrium of a firm and an industry. [16]
7. Discuss the various kinds of prices charged by the firm for their product? [16]
8. (a) What are different tests of profitability for investment?  
 (b) The following is an extract of balance sheet of company during the last year. Compute current ratio and quick ratio. Also interpret the ratios. [16]

	Rs.
Land and Buildings	1,50,000
Plant and Machinery	3,00,000
Furniture and fixtures	1,25,000
Closing Stock	25,000
Sundry Debtors	62,500
Wages Prepaid	7,500
Sundry Creditors	18,000
Rent outstanding	12,000

\*\*\*\*\*