

B.Tech III Year II Semester (R13) Regular & Supplementary Examinations May/June 2017

MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS

(Common to ME, ECE and EIE)

Time: 3 hours

Max. Marks: 70

PART – A

(Compulsory Question)

1 Answer the following: (10 X 02 = 20 Marks)

- (a) Write the characteristics of ME.
- (b) What is price elasticity of demand?
- (c) What is marginal rate of technical substitution?
- (d) Explain opportunity cost and accounting cost.
- (e) Write the features of perfect competitions.
- (f) What is subsidiary company?
- (g) What is fixed capital? Explain its features.
- (h) What do you mean by time value of money?
- (i) Define current ratio and liquid ratio.
- (j) Give the classification of capital.

PART – B

(Answer all five units, 5 X 10 = 50 Marks)

UNIT – I

2 Why do demand curve slopes downward to the right in Law of demand. What are the exceptions of law of demand?

OR

3 What are the different techniques for forecasting demand? Explain them.

UNIT – II

4 Explain the law of returns to scale.

OR

5 Explain BEP, Margin of safety with neat diagrams and limitations of BEA.

UNIT – III

6 Explain determination of price-output under monopolistic competition with diagram.

OR

7 Explain the characteristics of sole proprietorship and list out the advantages and disadvantages of sole proprietorship.

UNIT – IV

8 Calculate the Average Rate of Return for Projects A & B from the following details.

	Project – A	Project – B
Investment	Rs. 30,000	Rs. 48,000
Expected life (no salvage value)	5 years	5 years

OR

9 Explain net present value technique of capital budgeting.

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UNIT – V

10 From the following information calculate: (i) Gross profit ratio. (ii) Stock turnover ratio.

	Rs.		Rs.
Sales	1,50,000	Cost of goods sold	1,20,000
Opening stock	27,000	Closing stock	33,000
Debtors	14,000	Bills Receivable	6,000

OR

11 Following is the information from the books of Rajendra Bros. as on 31st Dec., 2004. Pass closing journal entries and prepare trading account.

	Rs.		Rs.
Opening stock	5,000	Sales Return	400
Sales A/c	20,000	Manufacturing expenses	100
Purchases Return	200	Octroi	500
Wages A/c	4,000	Motive Power	700
Carriage inward	300	Purchases A/c	8,000
Closing stock (31 Dec. 2004) Rs.2,000			
