

B.Tech III Year II Semester (R13) Regular &amp; 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)
- Write the characteristics of ME.
  - What is price elasticity of demand?
  - What is marginal rate of technical substitution?
  - Explain opportunity cost and accounting cost.
  - Write the features of perfect competitions.
  - What is subsidiary company?
  - What is fixed capital? Explain its features.
  - What do you mean by time value of money?
  - Define current ratio and liquid ratio.
  - 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 proprietor ship 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.

Contd. in page 2

**UNIT – V**

- 10 From the following information calculate: (i) Gross project 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 31<sup>st</sup> 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			

\*\*\*\*\*