

B.Tech III Year I Semester (R13) Supplementary Examinations June 2016

**MANAGERIAL ECONOMICS & FINANCIAL ANALYSIS**

(Common to CSE &amp; EEE)

Time: 3 hours

Max. Marks: 70

**PART - A**  
(Compulsory Question)

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- 1 Answer the following: (10 X 02 = 20 Marks)
- What is cross elasticity of demand?
  - Define demand forecasting.
  - Write the properties of isoquants.
  - What is production function?
  - List the features of perfect competition.
  - Write the features of sole trade form of organization.
  - What is over capitalization?
  - What is the need for capital budgeting?
  - Explain double entry booking.
  - Define journal.

**PART - B**  
(Answer all five units, 5 X 10 = 50 Marks)**UNIT - I**

- 2 Define the law of demand, its determinants and brief about why the demand curve slopes downwards.

**OR**

- 3 What is managerial economics? Briefly explain the role of managerial economist in business decision making.

**UNIT - II**

- 4 Explain the concept of "Break-Even analysis" with suitable diagram also point out its importance and assumptions.

**OR**

- 5 Define production function. Explain the Cobb-Douglas production function.

**UNIT - III**

- 6 Define market. Elaborate how differently markets are classified.

**OR**

- 7 What is globalization? Briefly explain impact of globalization on Indian economy.

**UNIT - IV**

- 8 What is the importance of capital? What factors determine the working capital requirements of a company?

**OR**

- 9 Explain the following methods of capital budgeting with the advantages and disadvantages of each in detail: (i) Pay-back method. (ii) Accounting rate of return method (ARR).

**UNIT - V**

- 10 Briefly explain the following:  
(a) Debt-equity ratio. (b) Current ratio. (c) Quick ratio. (d) P/E ratio.

**OR**

- 11 Journalize the following transactions:  
(a) Started business with a capital of Rs.2,00,000/- (b) He paid in to the bank Rs.15,000/-  
(c) He purchased goods for cash Rs.50,000/-  
(d) He withdraw cash from bank for office use Rs.8,000/-  
(e) He sold goods for cash Rs.6,000/- to Y  
(f) He purchased furniture for cash Rs.2000/- from Saritha & co.  
(g) He purchased goods from M on credit for Rs.4000/-  
(h) He paid wages Rs.3000/- for installation of a new plant purchased for Rs.10,000/-  
(i) He used goods valued at Rs.200/- of the business for his domestic purpose.  
(j) He sold goods to K for Rs.2000/-

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