

II B. Tech I Semester Supplementary Examinations, October/November - 2018**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

(Com. to ME, ECE, CSE, IT, ECC, MTE)

Time: 3 hours

Max. Marks: 70

Note: 1. Question Paper consists of two parts (**Part-A** and **Part-B**)2. Answer **ALL** the question in **Part-A**3. Answer any **THREE** Questions from **Part-B**

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**PART -A**

1. a) Diagrammatic presentation of Cross elasticity of demand for substitutes and complementary goods (4M)
- b) What is controlled experiments (3M)
- c) What is Partner by estoppel (3M)
- d) What is Cobb-Douglas production function (4M)
- e) What is Margin of safety (4M)
- f) Pre-paid wages Vs Outstanding wages (4M)

**PART -B**

2. a) Explain the relative importance of 'substitution effect' and 'income effect' with regard to law of demand. (8M)
- b) Why does the demand curve slope downward to the right? Under what circumstances a demand curve slopes upward to the right? (8M)
3. a) What are the kinds of elasticity of demand? Explain them in detail. (8M)
- b) Define the price elasticity of demand? How do we measure it? (8M)
4. a) The fixed expenses of a business are Rs. 2,40,000 and variable expenses are 30 per cent of sales (8M)
  - (i) What profit would be earned from the sales of Rs. 5, 00,000?
  - (ii) What sales must be achieved in order for the business to break-even?
  - (iii) What sales are required to show a profit of Rs. 50,000?
- b) What are the methods of evaluating various investment proposals? Explain them in detail (8M)

5. a) Explain the short-run and long-run equilibrium under monopoly (8M)  
 b) Critically examine the Williamson's managerial theory of the firm. (8M)
6. a) What are the main causes of a trade cycle? Which causes do you consider responsible for trade cycles in our country? (8M)  
 b) Why do we need Public enterprises? What are their various forms and advantages? (8M)
7. From the following information, prepare trail balance of Mr. Sriram & Co Ltd. (16M)

|                             |           |                  |              |
|-----------------------------|-----------|------------------|--------------|
| Sundry debtors Rs 1, 10,000 |           |                  |              |
| Capital                     | Rs 40,000 | Carriage inwards | Rs 2,500     |
| Land                        | Rs 50,000 | Bad debts        | Rs10,000     |
| Opening Stock               | Rs 20,000 |                  |              |
| Carriage outwards           | Rs 65,000 |                  |              |
| Wages                       | Rs 4,000  | Salaries         | Rs 40,000    |
| Purchase                    |           |                  |              |
| Returns                     | Rs 12,000 | Rent (credit)    | Rs 20,000    |
| Interest                    | Rs 5,000  | Bills payable    | Rs 30,000    |
| Sundry Creditors            | Rs 70,000 | Buildings        | Rs 70,000    |
| Furniture                   | Rs 60,000 | Purchases        | Rs 1,00,000  |
| Rent                        | Rs 10,000 | Bills receivable | Rs 40,000    |
|                             |           | Sales            | Rs 3, 00,000 |

