

**CMR ENGINEERING COLLEGE: : HYDERABAD  
UGC AUTONOMOUS**

**III-B.TECH-I-Semester End Examinations (Supply) - May- 2023  
BUSINESS ECONOMICS & FINANCIAL ANALYSIS  
(Common to MECH, ECE, CSM)**

[Time: 3 Hours]

[Max. Marks: 70]

**Note:** This question paper contains two parts A and B.

Part A is compulsory which carries 20 marks. Answer all questions in Part A.

Part B consists of 5 Units. Answer any one full question from each unit. Each question carries 10 marks.

**PART-A****(20 Marks)**

1. a) Explain Business Cycle. [2M]
- b) Define Sources of capital for a company. [2M]
- c) What factors affect Elasticity of Demand? [2M]
- d) Explain Supply function. [2M]
- e) Define Economies of scale. [2M]
- f) Analyze Cob Douglas production function. [2M]
- g) What is the distinction between Debtor and Creditor? [2M]
- h) Classify Accounting Cycle? [2M]
- i) Write about Proprietary Ratio? [2M]
- j) Define Cash Flow Analysis. [2M]

**PART-B****(50 Marks)**

2. Define nature and scope of Business economics and its relationship with other branches. [10M]

**OR**

3. Discuss the meaning, scope and significance of micro and macro economics. [10M]

4. Explain how you measure elasticity of demand. Illustrate how do you interpret the different types of elasticity? [10M]

**OR**

5. What are the possible approaches to forecasting demand for new product? Illustrate all the methods of Demand Forecasting. [10M]

6. Explain how a manufacturer can find production function useful for Least Cost Combination of inputs. [10M]

**OR**

7. Define Monopoly. What would happen if monopolistic competition firm started to earn profits well above its costs? [10M]

8. What are Accounting Concepts and Conventions? Explain. [10M]

**OR**

9. Prepare the journal entries for the following: [10M]

<u>Date</u>	<u>Particulars</u>
Jan-1	Pankaj commenced business with a capital of Rs.50000
Jan-2	Deposited in bank Rs.40000
Jan-5	Purchased goods from Krishna on credit Rs.10000
Jan-7	Sold goods of Rama on credit Rs.8000
Jan -9	Purchased goods from Manish for cash Rs.5000
Jan-12	Sold goods for cash to Sailesh Rs.8500
Jan-18	Issued cheque to Krishna 7500 for full settlement
Jan-22	Cash withdrawn from bank for office use Rs.2000
Jan-30	Goods withdrawn for personal use Rs.2000

10. Define Ratio analysis. What are the different types of ratios? [10M]

OR

11. The following details have been given to you for M/s Ramulu Limited. You are required to find out [10M]

- i) Dividend Yield Ratio
- ii) Dividend payout ratio
- iii) Earnings per share ratio

10% preference shares of Rs. 10/- each	Rs 5,00,000
60,000 equity shares of rs.10/- each	Rs 6,00,000
Total	Rs 11,00,000

Additional information

- Profit after Tax at 50%
- Equity dividend paid 20%
- Market price of equity share Rs.30

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