

Code No.: SM501MS

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CMR ENGINEERING COLLEGE: : HYDERABAD
UGC AUTONOMOUS
III-B.TECH-I-Semester End Examinations (Regular) - January- 2024
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) How is the Money Supply affected by Inflation? [2M]
- b) Give an example of Micro and Macro Economic concepts. [2M]
- c) Write a note on Demand forecasting. [2M]
- d) How is Elasticity of Demand, different from Law of Demand? [2M]
- e) What is meant by Monopolistic competition? [2M]
- f) Explain Isocost curve. [2M]
- g) Define the term "Ledger Account". [2M]
- h) What is Book Keeping? [2M]
- i) Define Profitability Ratio. [2M]
- j) Explain Current Ratio. [2M]

PART-B

(50 Marks)

2. Define Business Cycle. Explain its features and phases of Business cycle. [10M]
- OR**
3. Define Business Economics. Explain its nature and significance. [10M]
 4. Explain the Law of Demand with the help of Demand Schedule and Demand Curve. [10M]
- OR**
5. a) Describe the various factors involved in Demand forecasting of a product. [5M]
 - b) How do you classify markets on the basis of competition? Explain. [5M]
 6. a) A Hitech bus between Khamam and Hyderabad carries 14,600 passengers per annum at a fare of Rs.300.The variable cost per passenger is Rs. 50 and the fixed cost is Rs. 4,00,000 per year. Find BEP in terms of passengers and in terms of fare collection. [5M]
 - b) Distinguish between Marginal cost and Opportunity cost with examples. [5M]
- OR**
7. Analyze the Internal and External Economies of Large-scale Production. [10M]

8. What do you understand by 'Double entry system' of Accounting? How is business transactions recorded in Journal? Explain. [10M]

OR

9. From the following Trial Balance and adjustments, prepare final accounts of Jain enterprises as on 31-03-2014. [10M]

Adjustments : i) Closing stock Rs. 4000 ii) Prepaid salaries Rs. 300
iii) Bad Debts Rs. 500 iv) Reserve for Bad debts 5% v) Depreciation of Premises 5%

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Opening stock	1000	Capital	20000
Purchases	4000	Reserve for bad debts	200
Sales Returns	500	Sales	6000
Carriage inwards	600	Creditors	600
Wages	700		
Salaries	1000		
Interest	300		
Trade expenses	400		
Debtors	8000		
Bad debts	300		
Business premises	6000		
Bills receivable	4000		
	26800		26800

- 10.a) Calculate Current Ratio from the following information. [5M]
- | | | | |
|------------------|-----------|-----------------------|-----------|
| Stock | 2, 50,000 | Cash in hand | 1, 25,000 |
| Debtors | 1, 25,000 | Machinery | 1, 00,000 |
| Prepaid Expenses | 50,000 | Cash at Bank | 2, 50,000 |
| Bank O/D | 50,000 | Creditors | 2, 00,000 |
| Land & Buildings | 2, 25,000 | Marketable Securities | 1, 25,000 |
| General Reserve | 2, 50,000 | Outstanding Expenses | 50,000 |
- b) Explain the various ratios Liquidity, Profitability and Solvency. [5M]

OR

11. Identify the Ratios that are used to find the soundness and strength of long-term financial position of a firm. [10M]
