

FACULTY OF ENGINEERING

Code No.14768/CBCS

B.E. VII – Semester (M/P/AE) (CBCS) (Main & Backlog) Examination, March/April 2021
Subject: Managerial Economics & Accountancy

Max.Marks: 70

Time: 2 Hours

Note: Missing data, if any, may be suitably assumed

PART-A

(5x2=10 Marks)

Answer any five questions.

1. Recall opportunity cost concept.
2. Define Marginalism.
3. Illustrate direct and indirect demand.
4. What is monopoly?
5. Differentiate between out of pocket cost and book cost.
6. Define profit-volume ratio.
7. Tell about accounting rate of return method.
8. What is net working capital?
9. Give formula of liquidity ratios.
10. Is carriage outward a direct or indirect expense? State the reason.

PART – B

(4x15=60 Marks)

Answer any four questions.

11. a) State the significance of managerial economics in decision making in various fields.
b) Define Equi-marginal principle.
12. Define price elasticity of demand and discuss the types and uses of price elasticity of demand.
13. A firm with a required rate of return of 10 percent is considering a project that requires an initial outlay of Rs.15,500 and the cash inflows are given as follows:

Year	1	2	3	4	5
Cash inflow(Rs.)	3,000	4,000	6,000	5,000	4,000

Calculate the IRR and suggest whether the project is acceptable or not.

14. Calculate the profit-volume ratio and break-even point from the following details.
Fixed cost=Rs.3,00,000
Variable cost=Rs.20
Selling price per unit=Rs.30

..2..

..2..

15. Define working capital. Distinguish between permanent and temporary working capital.
16. What is perfect competition? Explain the features of a perfectly competitive market.
17. From the following balances of Gupta, prepare the Trading and Profit and Loss a/c as on 31.03.2004.

Particulars	Amount(Rs.)
Opening stock	20,000
Salaries	25,000
General expenses	2,000
Rent and Taxes	3,000
Purchases	90,000
Freight inward	2,500
Advertising	1,500
Sales	1,85,000
Discount allowed	1,800
Discount received	1,000

Adjustments:

1. Closing stock Rs.18, 000

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