G. PULLAIAH COLLEGE OF ENGINEERING & TECHNOLOGY

Examination : IInd B. Tech IIIrd Sem (Reg / Supple)

Month & Year : Jan - 2024

Branch : CSE(AI)

Regulation : R-20

Question Paper Code : A30019

Subject : managerial economics & financial Analysis

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A30019

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(c) Possessing a manuscript or a printed matter, in any form, in the examination hall.

(d) Bringing loose sheets or paper into the examination hall and detaching any paper from the answer book.

(e) Carrying Mobile Phone / Electronic Gadgets to Exam Hall.

Violation of these instructions will be viewed as a case of malpractice, which is a punishable offence.

6. Before beginning to answer any question, candidates must write the correct question number, in the margin only and should not write anything else in the margin.
7. Answer must be written legibly on both sides of the paper. It is not necessary to start each answer on a fresh page. Candidates should not use any other color for writing, except BLACK or BLUE.
8. All parts of the question must be answered in one place only.
9. Rough work, if any, must be separated. from the subject matter, by a line and noted as rough work.
10. The answer book, at the end of the examination, must be handed over to the Asst. Superintendent (Invigilator) by the candidate. This responsibility lies with the candidate only.
11. Candidates should maintain absolute silence during the time of examination. Misbehaviour. in any form, by the candidate, in the examination hall, will attract severe punishment.
12. Candidates are permitted to leave the examination hall only after the expiry of half of the allotted time and candidates will be permitted to carry the question paper only when they are leaving the exam hall in the last half an-hour.
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PART - B

UNIT- I

3.

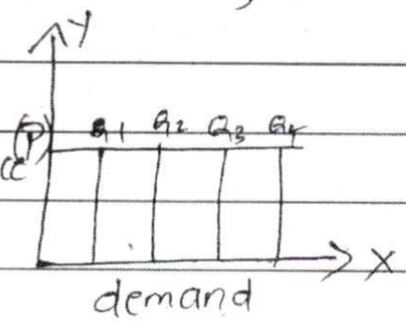
b) Elasticity of demand:-

There are 5 (five) types of Elasticity Of demand.

1) Perfectly elasticity Of demand
2) imperfectly elasticity Of demand.
3) Relatively elasticity Of demand.
4) Relatively in elasticity of demand
5) unity elasticity of demand.

1) Perfect elasticity Of demand:-

when there is a significant change in Price but there is no (or) little change in ~~Price~~ demand (Quntity) then it is said to be perfectly elasticity Of demand. Here the elasticity value is 0.



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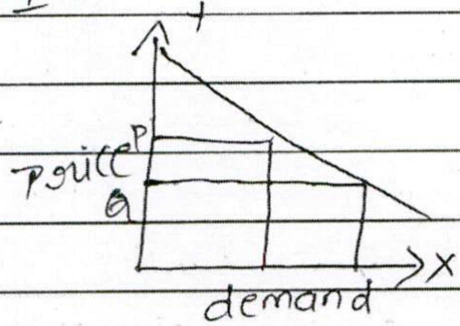
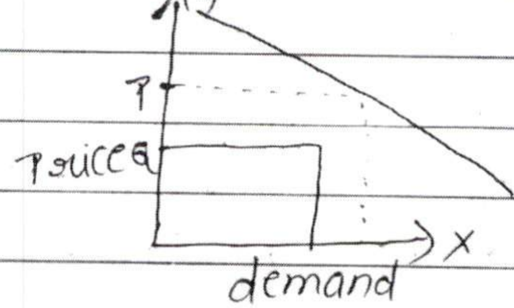
2) imperfectly elasticity of demand:-
when there is a significant change in Quantity demanded and there is no change or little change in Price then it is said to be imperfectly elasticity of demand.

3) Relatively elasticity of demand:-
It refers to the proportinate change in demand is greater than the proportinate change in price is known as Relatively elasticity of demand Here the elasticity value is >1.



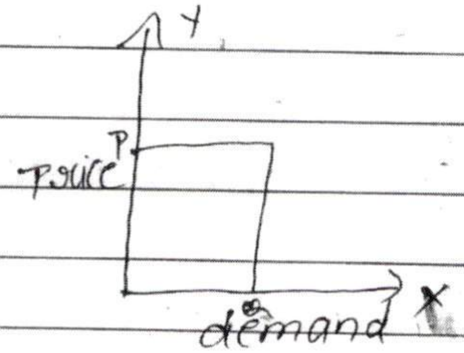
(>1)

4) Relatively inelasticity of demand:-
when the proportinate change in demand is lessthan the proportinate change in price is known as Relatively inelasticity of demand Here the elasticity value is <1.



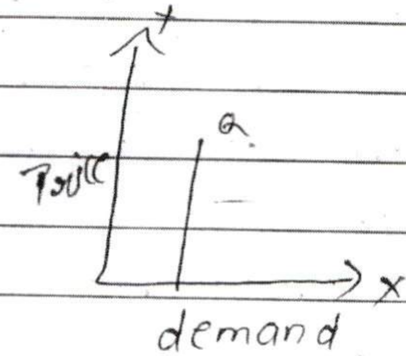
(<1)

5) unity elasticity of demand :-
when the Quantity demanded is equal to change in Price then it is said to be unity elasticity of demand. Here the Elasticity value is = 1.



(= 1).

2) imperfect elasticity of demand :-



3.

a) demand forecasting :- It is the process of expecting a price of a product in future based on proposed marketing plan is known as demand forecasting.

methods of demand forecasting :-
It is easy for certain products or services to predict the price But in some cases that is most difficult to identify the demand forecasting. Then we use the demand forecasting methods are techniques.

1) survey methods :-
a) survery buyer intention.
b) willigens of a surveyor to pay for it.

2) statistical methods :-
To perform the mathematical operations we use the statistical methods.
i) Trend projection methods
ii) borrowmetric methods
iii) correlation and Regression methods
iv) simultaneously equation methods.

3) Others:-

i) Judgemental

ii) Exceptions

iii) Two- part demand forecasting

iv) Etc.

These three methods are used in demand forecasting. Survey methods are used when we don't expect the price of product By conducting the survey among the group of People. next the statistical methods are used in calculating the mathematical and statistical Problems. in that.

i) Trend projection method:- we use this method when the demand forecasting is given in satistical methods.

ii) borrowmetric methods:- The borrow metric method is used when demand forescasting is done in borrowmetric means statistical methods.

iii) Correlation and regression method:- when we have to find the rank of demand forecasting method we use correlation and regression methods.

iv) Simultaneously equation method:- The demand forecasting should be Present in simultaneously equations method.

UNIT-III

6.

a) monopoly:-

* There is a single firm being in Particular Product or service.
* monopoly can decide Price or Quantity but not both.
* Entry and Exit from the market has more difficulties.
* Here Average Revenue = marginal revenue.
* The Product Producer only the Price maker.
* Here the firm and the industry are the same.
* Here we have only a single seller.

features of monopoly:-

1) Production is less
2) Single seller.
3) Entry and Exit into the market have more difficulties.
4) Producer is only the Price maker
5) no Product differentiation
6) The firm and the industry are the same.

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7) Eg:- iPhone, cars (Benz, AUDI etc)
8) no Product differentiation.
9) Production is very less because of a single company the company production should be more then only the company can get the profits.

6.
b) market:-
market is a place where ~~Exa~~ exchange of goods is done (i.e) where buyer buy the goods and seller sell the goods These markets are classified into two ~~many~~ types:
i) perfect competetion market
ii) imperfect competetion markets.
perfect competetion market:-
There are more no: of sellers and more number of buyers is known as Perfect competetion market.
Eg:- selling of clothes.
Imperfect competetion market:
There are less no: of buyers and less no: of sellers is known as imperfect competetion market.
Eg:- iPhone, cars like, Benz, Audi etc.

Again imperfect competetion market is divided into 3 types
1) monopoly
2) monopolystic
3) oligopoly.

Nature of market:-

1) Product Price:- Every customer will see the Price of a Product and he will think to buy it or not.

2) different types of People:-
In market there are different people like some will sell the goods some will buy the goods some will deliver the goods etc.

3) Production:-
The important one is Production with out Production there is no market. everything By Production only we kan buy or sell the goods.

4) Profit and loss:-
Here These two Play a very impor-tant role with Profits there are less customers without Profits then there will be a huge loss

5) Pricing:- Here Pricing Plays a very important role i.e under Pricing will get losses or Pricing we loose the customers

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UNIT- IV

9)

b) Given investment of Project Rs. 2 50,000 cash flows are 75000, 100000, 1,25,000, 75,000 and 50,000

Here the cash flows are uneven Hence we calculate the commulative ~~frequency~~ cash flows

Year	Cash flows	Commulative Cash flows
1	75,000	75,000
Base year $\boxed{2}$	1,00,000	1,75,000
3	1,25,000	3,00,000
4	75,000	3,75,000
5	50,000	4,25,000

formula:-

$$\text{Base year} + \frac{\text{Recouped Amount}}{\text{next year cash flows}}$$

$$= 2 + \frac{50000}{1,25,000}$$

$= 2.4$ years.

It gives the Profit only. The Project we have taken is Profitable so it gives only Profits because

In 2.4 years only we are getting our amount back and next years are profit

9.

a) Capital budgeting :-

In simple words converting the long term asserts such as furniture, lands, buildings, into the capital (money) is known as the capital budgeting.

features of capital budgeting :-

There are many features of capital budgeting

i) long term sources (asserts)

ii) short term (asserts)

iii) Tangible assets

iv) Intangible assets

v) ~~Etc~~ smooth flow vi) Liquidity.

i) long term assets :-

These include lands, Buildings, machinary, Etc all these take more time to convert into cash known as long term assets.

Eg:- we want sell the land it takes time to sell known as long term assert.

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ii) Smooth flow of business operation:-
the working capital plays a very important role in the smooth flow of business operation.

iii) liquidity:- To convert the assets into cash or liquid cash or next cash is known as liquidity.

iv) Short term assets:-
The basic example of short term assets are working captial
Eg:- daily wages of labour, Transport charges, Electricity bill, rent of the office etc.

v) Tangible assets:-
The items which can be seen and touched with our hand is known as Tangible assets.

vi) In tangible assets:-
The items which cannot be seen through our naked eye and couldn't be touched by the hands is known as In Tangible assets.

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UNIT-V

11

b) i) Current Ratio.

Current Ratio = $\frac{\text{Current assets}}{\text{Current Liabilities}}$

Current assets = land, Buildings, Stock, Debtors, Bills, cash
= 1,00,000 + 80,000 + 25000 + 55,000 + 3,000 + 2,000
= 2,65,000

Current liabilities = equity capital, Preference, Debentures, Creditors, Bill Payable
= 1,00,000 + 50,000 + 50,000 + 20,000 + 30,000 + 15000
= 2,65,000.

Current Ratio = $\frac{\cancel{2,65,000}}{\cancel{2,65,000}}$

Current ratio = 1

ii) Quick ratio :-

$$\text{Quick ratio} = \frac{\text{Quick assets}}{\text{current liabilities.}}$$

Quick assets = current assets – (stock + prepaid expenses)

= 2165,000 – (25000 + 0)

= 2,40,000

∴ $$\text{Quick ratio} = \frac{\text{Quick assets}}{\text{current liabilities}}$$

$$= \frac{2,40,000}{2165,000}$$

Quick ratio = 0·9056603774

11

a) ratio analysis :-

ratio analysis is used to calculate the percentage of ratios perfectly in share markets and company shares ar to divide the shares of company in ratios. is known as ratio analysis.

The solvency ratios with formula :-

There are 5 solvency ratios.

i) current ratio

ii) quick ratio

iii) net Profit ratio
iv) ~~net~~ Gross profit ratio.
v) Debt- equity ratio.

i) Current ratio:-

formula:-

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

This is used to calculate the present year ratio of assets at present price.

ii) Quick ratio:-

formula:-

$$\text{Quick ratio} = \frac{\text{Quick assets}}{\text{Current liabilities}}$$

Quick assets = Current assets - stock + prepaid expenses

Current liabilites = Bill payable, creditors, debentures, etc.

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iii) net profit ratio:-

formula:-

$$\text{net profit ratio} = \frac{\text{net profit}}{\text{net sales}}.$$

It is used to calculate the net profit ratio.

iv) Gross profit ratio:-

formula:-

$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{net sales}}.$$

It is used to calculate the Gross profit ratio.

NIL

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PART-A

1.

a) demand function:-

df= (Px, P1, P2, Pn, W, A, V, I)

Px= Price of the commodity.
P1,P2 Pn are= no: of customers.
I= Income of the customer.
W= wealth
A= Advertisement
V= others.

b) ISO Quants:-

ISO quants are known as the same values or same functions in the given product is known as ISO quants.

c) objectives of Pricing:-
1) Increase the customers
2) Taste of customers
3) Demand of the product
4) Quantity of the product
5) Production of Products

6) Increase the Production of the Produc

d) Significance of working capital:-
working capital is the blood and flesh of the business.
i) we can't do the business
ii) every thing in business requires working capital (Transport charges, daily wages of labour Etc)
iii) we can't spend our day without the working capital.
iv) Paying amount for electricity bill, rent of the office Etc.

e) Advantages of ratio analysis:-

ratio analysis advantages are:-
1) we can divide the share in equal amount of ratio.
2) we can calculate the ratio By using formulas (like Quick ratio, Current ratio) Etc.
3) Gross Profit ratio is Easily calculated
4) Net Profit ratio is also Easily Calculated.

UNIT-V

10

b.

Date	Particular	Lf	Debit	Credit
Jan 1	Cash a/c ... Dr		10,00,000	—
2023	To capital a/c		—	10,00,000
	(Being of business			
	transaction)			
Jan 3	~~goods~~ a/c ... Dr			
2023	To cash a/c		200,000	—
	(Being of Purchased		—	200,000
	goods)			
Jan 8	goods a/c ... Dr		1,00000	—
2023	To sales a/c		—	100000
	(Being sold of			
	goods)			
Jan 30	salaries a/c ... Dr		20,000	—
2023	To employee a/c		—	20,000
	(Being Paid of			
	salaries)			
Jan 30	deposit a/c ... dr		—	10,000
2023	To cash a/c		10,000	—
	(Being of cash			
	deposited)			

UNIT-III

7.

a) The various methods of Pricing are
i) cost based Pricing methods
ii) Competetion based Pricing methods
iii) demand based Pricing methods
iv) stategy based Pricing methods.

ii) ~~cost~~ Competetion based Pricing methods:-
* sealed Bid Pricing
* Going rate Pricing.

i) cost based Pricing methods:
* cost Plus Pricing method
* cost Pricing method.

iii) demand based Pricing methods:-
* Product Price
* Product Quantity Etc.

iv) Statgy based Pricing methods:-
* market Skimming
* market Penetration.
* Two Part Pricing.
* Block Pricing
* Etc (Judgemental Pricing).

7

b) Pricing :- The customer buy the product at some amount is known as Pricing. under pricing will get the losses over Pricing will result in loss of customers.

factors affecting pricing :-

* cost of the Product
* Taste of the customer
* Preferences of the customer
* Quantity of the Product
* Quality of the Product
* Availability of Product
* Time of the Product Producing (season)
* expiry date of the Product
* sales of the Product
* Increasing the sales of the product.
* Etc.

UNIT-II

5. Given no: of units 20,000 fixed cost = 2,40,000
b) a) Break even anlysis.

In units = $\frac{\text{no: of units}}{\text{fixed cost}}$

$= \frac{\overset{30}{\cancel{10}} \times 20,000}{2,40,000}$

$= \frac{\cancel{6}0,0000}{240000}$

$= \cancel{0.2}\ 1.2$

In ruppes = $\frac{\text{no: of rupees}}{\text{fixed cost}}$

$= \frac{10 \times 20,000}{2,40,000}$

$= \frac{30,0000}{2,40000}$

= 0.2

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ROUGH WORK

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