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Code No. : 16347 AS

**VASAVI COLLEGE OF ENGINEERING (AUTONOMOUS), HYDERABAD**

Accredited by NAAC with A++ Grade

**B.E. VI-Semester Advanced Supplementary Examinations, July-2023**

**Economics and Finance for Engineers**

(Common to EEE, ECE & IT)

Time: 3 hours

Max. Marks: 60

Note: Answer all questions from Part-A and any FIVE from Part-B

Part-A (10 × 2 = 20 Marks)

Q. No.	Stem of the question	M	L	CO	PO
1.	Distinguish between Price and Income Elasticity of demand	2	4	1	9
2.	List out the exceptions to the Law of Demand	2	1	1	9
3.	Explain the terms Fixed and Variable costs	2	1	2	11
4.	What are the assumptions of Break Even Analysis	2	1	2	11
5.	What do you mean by Working Capital? What are its components?	2	1	3	11
6.	List out any 4 sources of long term finances to any organization	2	2	3	11
7.	What do you mean by Financial Statements?	2	1	4	4
8.	What do you mean the terms Liquidity & Profitability	2	1	4	4
9.	Give suitable examples for the incomes chargeable under the head Income from other sources	2	2	5	12
10.	Distinguish between the terms Direct & Indirect Taxes	2	4	5	12
<b>Part-B (5×8 = 40 Marks)</b>					
11. a)	i. Distinguish between Micro and Macro Economics	4	4	1	9
	ii. Consider a situation where price is raised from 90 to 110. According to the demand curve, quantity demanded falls from 240 to 160. Determine the Price Elasticity of demand using point method.				
b)	i. Explain the terms Elastic, Inelastic & Unit Elasticity of Price.	4	2	1	9
	ii. Mention any 4 determinants of Demand?				
12. a)	“Costs may be classified in a variety of ways according to their nature and the information needs of management”. Discuss and explain functional classification of cost	4	2	2	11
b)	Prepare cost sheet from the following figures: Prime Cost 30,000, Works Overhead 10,000, Office Overhead 10,000, Selling Overhead 5,000, Opening stock of finished goods 5,000, Closing stock of finished goods 10,000 and Sales 70,000. (All Figures in Rupees)	4	4	2	11
13. a)	Explain any 4 determinants of Working Capital?	3	1	3	11

Contd... 2

b)	A company is considering an investment proposal to purchase a machine costing Rs. 2, 00,000/-. The machine has a life expectancy of 4 years and no salvage value. The company tax rate is 50%. The firm uses straight line method for providing depreciation. The estimated cash flows before depreciation and tax are as follows:	5	4	3	11
	Year      Cash flows before depreciation and tax				
	1.          70,000				
	2.          90,000				
	3.          1,00,000				
	4.          1,50,000				
	Judge whether to accept the proposal using Net Present Value Method at 10% discount rate				
14. a)	"Ratio analysis is a tool to examine the health of business with a view to make financial results more useful" Explain.	4	2	4	4
b)	Given: Current Ratio 2.5; Liquidity Ratio 1.5; Working Capital Rs. 60,000. Calculate a. Current Liabilities b. Current Assets c. Liquid Assets D. Stock.	4	4	4	4
15. a)	Mr Shah has a basic salary of ₹ 1,00,000 per month House Rent Allowance (HRA) of ₹ 45,000 per month Special allowance of ₹ 20,000 per month Leave Travel Allowance (LTA) of ₹ 20,000 per Annum Calculate the income chargeable to tax under the head Income from Salary.	4	4	5	12
b)	Explain briefly the different heads of income under Income tax.	4	2	5	12
16. a)	Explain the scope of Managerial Economics	4	2	1	9
b)	Mr. X has Rs. 2,00,000 Sales in his business firm. From the analysis of recent cost figures, he finds that his variable cost of operating is 60% of sales, his fixed costs re Rs. 40,000 per year. Show computations to answer the following questions:	4	4	2	11
	i.) What is the amount of sales to break even?				
	ii) What sales must be obtained to get a profit of Rs.60,000/-?				
17.	Answer any <i>two</i> of the following:				
a)	Explain briefly the terms Discounting and Non-Discounting techniques of capital budgeting appraisals. Explain the criteria for acceptance and rejection of the projects under Profitability Index Method	4	2	3	11
b)	"Ratios analysis is only a technique for making judgments and not a substitute for judgments". Discuss and explain the limitations of ratio analysis	4	2	4	4
c)	Draw the format to compute income from house property	4	3	5	12

M : Marks; L: Bloom's Taxonomy Level; CO; Course Outcome; PO: Programme Outcome

i)	Blooms Taxonomy Level - 1	20%
ii)	Blooms Taxonomy Level - 2	34%
iii)	Blooms Taxonomy Level - 3 & 4	46%

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