Hall Ticket Number:

Code No. : 17535 S

VASAVI COLLEGE OF ENGINEERING (AUTONOMOUS), HYDERABAD
Accredited by NAAC with A++ Grade
B.E. VII-Semester Supplementary Examinations, July-2022
Economics and Finance for Engineers
(Mech. Engg.)

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.	What are the objectives of a Firm?	2	1	1	9
2.	Explain price elasticity of demand.	2	2	1	9
3.	Compare short run and long run costs.	2	3	2	9
4.	What are the assumptions of Break Even Analysis?	2	1	2	9
5.	What is working capital? Explain its significance.	2	3	3	11
6.	Explain the significance of discounting principle in capital budgeting.	2	3	3	11
7.	List out the various financial statements and briefly write about their significance in Accounting	2	3	4	4
8.	Elaborate on the terms Liquidity, Solvency & profitability ratios.	2	3	4	4
9.	What are the various heads of Income that come under Income Tax for which an individual assessee is assessed?	2	1	5	12
10.	Write about GST.	2	1	5	12

Part-B (5 × 8 = 40 Marks)

11. a)	Explain Law of demand with its exceptions.	4	1	1	9
b)	Discuss internal economies of scale.	4	2	1	9
12. a)	From the following information you are required to prepare cost sheet for the year ended 31st March 2019.	4	3	2	11

Stock of raw materials on 1st April 2018   Rs.10,000
Carriage Inward Rs. 5,000
Direct Wages Rs.50,000
Direct Expenses Rs. 40,000
Purchases of raw materials Rs.2,00,000
Factory Rent Rs.4,000
Motive Power Rs.2,000
Carriage outward Rs.6,000
Advertisement Rs.12,000
Telephone Charges Rs.3,000
Sales Commission Rs.8,000
Income Tax Rs.10,000
Office Rent Rs.20,000
Director's Remuneration Rs.25,000
Warehouse Rent Rs.18,000
Sales Rs.5,00,000
Stock of raw materials on 31st March 2019 Rs. 60,000

			M	L	CO	PO
	b)	Discuss any four methods of pricing with suitable examples.	4	1	2	9
13.	a)	What is capital budgeting? Explain the importance of capital budgeting.	4	3	3	11
	b)	Explain any four working capital determinants with suitable examples.	4	2	3	11
14.	a)	"Analysis and understanding of financial statements is only one of the tools in understanding of the company, the annual statements do have great limitations in their value", in the light of this statement explain the various limitations of Ratio Analysis	4	2	4	4
	b)	Given: Current Ratio 2.6 Liquid Ratio 1.4 Working Capital Rs. 1,10,000 Calculate: (I) Current Assets (2) Current Liabilities (3) Liquid Assets and (4) Stock.	4	3	4	4
15.	a)	Neha receives a Basic Salary of Rs 1, 00,000 per month. HRA of Rs 50,000. Dearness Allowance of Rs 21,000 per month. CCA Rs 20,000 annually. Neha pays a rent of Rs 40,000 and lives in Delhi. Suggest Neha whether she should adopt old or new regime of tax rates for calculation of tax	4	4	5	12
	b)	Explain GST network.	4	2	5	12
16.	a)	Define Managerial economics and explain its features.	4	2	1	9
	b)	A product is sold at a price of Rs.120 per unit and its variable cost is Rs.80 per unit. The fixed expenses of the business are Rs.8, 000 per year. Find (i) BEP in Rs. and units, (ii) profits made when sales are 240 units, (iii) Sales to be made to earn a net profit of Rs. 5,000 for the year.	4	4	2	11
17.		Answer any *two* of the following:				
	a)	What might occur if the current liabilities of a firm are superior to the current assets it has? What will be its result on the working of the firm?	4	3	3	4
	b)	Machine A costs Rs. 1,00,000 and cash receipts expected are as follows:	4	4	4	11
	c)	Suppose you have a gross taxable income of Rs 7.50 lakh after all the deductions/exemptions, Explain as to how your tax will be calculated with the old and new slab rates as per union budget 2022.	4	2	5	12

For 17. b):

Year (at the end)	A
1	Rs. 20,000
2	60,000
3	40,000
4	30,000
5	20,000

With 7% cost of capital, calculate NPV.

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

i)	Blooms Taxonomy Level – 1	20%
ii)	Blooms Taxonomy Level – 2	32.5%
iii)	Blooms Taxonomy Level – 3 & 4	47.5%

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