

**II B.Tech II Semester Supplementary Examinations,  
November/December 2005  
MANAGERIAL ECONOMICS & PRINCIPLES OF ACCOUNTANCY  
( Common to Electrical & Electronic Engineering, Electronics &  
Instrumentation Engineering and Electronics & Control Engineering)  
Time: 3 hours Max Marks: 80**

**Answer any FIVE Questions  
All Questions carry equal marks**

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1. What are the contributions and limitations of economic analysis to business decision making? [8+8]
2. What is meant by elasticity of demand? Explain giving a suitable illustration, how elasticity of demand determines the price policy of a firm. [4+4+4+4]
3. Why does the Law of Diminishing Returns operate? Explain with the help of a diagram. [8+8]
4. What is opportunity cost? Give some examples of opportunity cost. How are these costs relevant for managerial decisions? [4+8+4]
5. Explain the factors affecting the requirement of working capital. [8x2=16]
6. Explain the following with the help of a table and diagram under perfect competition and monopoly.  
(a) Total Revenue (b) Marginal Revenue (c) Average Revenue [5+6+5]
7. Explain the features of sole trader form of organisation. Discuss the relative advantages and limitations of sole trader form of organization. [4+6+6]
8. Distinguish between the following: [4+4+4+4]
  - (a) Fixed Assets and Current Assets
  - (b) Debt and Equity
  - (c) Gross profit and Net profit
  - (d) Debtors and Creditors

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