

**II B.Tech I Semester Supplementary Examinations, November 2006**  
**MANAGERIAL ECONOMICS & PRINCIPLES OF ACCOUNTANCY**  
 ( Common to Electronics & Communication Engineering, Computer Science  
 & Engineering, Bio-Medical Engineering, Information Technology,  
 Electronics & Telematics and Electronics & Computer Engineering)  
**Time: 3 hours** **Max Marks: 80**

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

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1. Discuss in detail the role of economics in Engineering Industry and its influence on technical decisions. [4+8+4]
2. What is meant by Elasticity of demand? What are the determinants of Elasticity and Inelasticity of demand for a product? [4+12]
3. Explain the following with reference to production function,
  - (a) Substitutability of factors
  - (b) Variable proportions of factors[8+8]
4. Describe the Break-Even Point with the help of diagram and its uses in business decision making. [8+8]
5. Find out the average rate of return from the following data relating to Machines 1 and 2
 

Cost	Rs.300,000 each	[16]
Estimated life	3years each	
Estimated scrap	Rs.60,000 each	
Income tax rate	50%	
Additional working capital required	Rs.2,50,000 for each Machine	

The estimated cash inflows after taxes for each machine are as given below:

Year	Machine 1 Rs.	Machine 2 Rs.
1	1,50,000	2,00,000
2	3,00,000	3,00,000
3	1,50,000	2,50,000
4	————	1,50,000
6. Compare and contrast between perfect competition and monopoly. [8+8]
7. What is the need for public enterprises? Explain the recent achievement of public Enterprises. [6+10]

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8. Who are the users of financial statements of a business unit and explain how differently they interpret the financial data? [8+8]

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