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B.Tech. III-Sem. (Main & Back) Examination, January/February- 2024

Agricultural Engineering

3AG 1-03 Managerial Economics and Financial Accounting

All Branches

Time : 3 Hours **Maximum Marks : 70**

Instructions to Candidates:

Attempt all ten questions from Part A, five questions out of seven questions from Part B and three questions out of five questions from Part C.

Schematic diagrams must be shown wherever necessary. Any data you feel missing suitably be assumed and stated clearly. Units of quantities used/ Calculated must be stated clearly.

Use of following supporting material is permitted during examination. (Mentioned in form No.205)

PART - A

(Answer should be given up to 25 words only)

All questions are compulsory **(10×2=20)**

1. Explain Gross Domestic Product (GDP).
2. Draw circular flow of economic activities
3. Draw graph to show
   a) Perfectly Inelastic Demand
   b) Perfectly elastic demand **(1 + 1=2)**
4. What is Giffen Paradox?
5. Give mathematical form of Cobb - Douglas production function.
6. Define Explicit and implicit costs with example. **(1 +1= 2)**
7. Draw a chart to show different market structures.
8. List four important features of Monopoly market. **(0.5 × 4 = 2)**

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9. What is golden rule of accounting for real accounts? (1 +1 =2)

10. Define payback period.

PART - B

(Analytical/Problems solving questions)

Attempt any Five questions (5×4 =20)

1. Define National Income. Explain steps involved in the estimation of national income by income method. (1+3=4)

2. Explain economies and diseconomies of scale with examples. (2+2=4)

3. How will you calculate cash flows from operating activities by direct and indirect method. Explain with example. (2+2=4)

4. a) Why is the demand curve of a firm under monopolistic competition more elastic than under monopoly? Explain.

   b) Explain 'freedom of entry and exit to firms in industry' feature of monopolistic competition. (2+2=4)

5. Explain following with help of suitable graph. (1×4=4)

   a) Zero income elasticity

   b) Negative Income elasticity

   c) Unit incom elasticity

   d) Income elasticity greater than unity

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6. Give brief answer of following Questions on Balance Sheet: (1×4=4)

   a) On balance sheet, accruals, notes payable, and account payable are listed under which category?

   b) Inventories, cash and equivalents, and accounts receivables are listed as?

   c) A firm buys products but does not pay to suppliers instantly. This is recorded as?

   d) In a balance sheet, the total of common stock and retained earnings are denoted as?

7. Explain following ratios: (Formula is must) (2+2=4)

   a) Liquidity Ratio

   b) Solvency Ratio

PART - C

(Descriptive/Analytical/Problems Solving/Design question)

Attempt any Three questions **(3×10=30)**

1 a) Complete the following table: (0.25×30 =7.5)

QTY (UNITS)	TFC (Rs.)	TVC (Rs.)	TC (Rs.)	AVC (Rs.)	ATC (Rs.)	MC (Rs.)
0	60	.....	.....	.....	.....	.....
1	.....	30	.....	.....	.....	.....
2	.....	.....	100	.....	.....	.....
3	.....	.....	.....	.....	.....	5
4	.....	.....	.....	.....	28.75	.....
5	.....	.....	.....	15	.....	.....

b) Draw graph/graphs showing relationship between any five Costs with Quantity (Units).

You can show them in single graph or in separate five graphs. **(0.5×5=2.5)**

2. Calculate and also comment on degree of elasticity: **(4×2.5=10)**

a) The price of tea per cup is decreased from Rs. 4 to Rs.3 and the demand of coffee is increased from 2 cups per day to 4 cups per day. Calculate Cross Elasticity of Demand.

b) Mr. Gupta's income is raised from Rs. 10,000 to Rs. 15,000 and the demand for good A is raised from 500 to 800 units. Calculate Income Elasticity of Demand.

c) The demand of commodity X is raised from 200 to 250 units when price decreased from Rs. 8 to Rs. 6. Calculate Price Elasticity of Demand.

d) If the price rises of good A rises from Rs. 20 to Rs. 30. Its supply increases from 200 to 800 units. Calculate Elasticity of Supply.

3. "Economics is an art." Elaborate this statement by explaining meaning, nature and scope of Economics. **(2+4+4=10)**

4. "A competitive firm is not a price maker, but adjustor." Explain this statement with reference to price determination in long and short term under perfect competition.

(4+6=10)

5. From the following balance sheet of Brown and co. Ltd. as on 31st Dec. 2020 and 31st Dec.2021:

Liabilities	2020 (Rs.)	2021 (Rs)	Asset	2020 (Rs.)	2021 (Rs.)
Share capital	5,00,000	7,00,000	Land & Building	80,000	1,20,000
Profit & loss a/c	1,00,000	1,60,000	Plant & Machinery	5,00,000	8,00,000
General Reserve	50,000	70,000	Stock	1,00,000	75,000
Sundry creditors	1,53,000	1,90,000	Sundry Debtors	1,50,000	1,60,000
Bills payable	40,000	50,000	Cash at Bank	20,000	20,000
Expenses O/S	7,000	5,000			
TOTAL	8,50,000	11,75,000	TOTAL	8,50,000	11,75,000

Additional Information:

a) Rs. 50,000 depreciation has been charged on Plant and Machinery during 2021.

b) A piece of Machinery was sold for Rs. 8,000 during the year 2021. It had cost Rs. 12,000; depreciation of Rs. 7,000 had been provided on it.

Prepare a Schedule of changes in Working Capital and a Statement showing the Sources and Application of Funds for 2021. **(3+3+2+2=10)**

(Show Adjusted Profit & Loss Account and Plant & Machinery Account in working notes.)