



II B.Tech II Sem Supply End Examination, March 2022  
**Business Economics and Financial Analysis**  
**(CSE & INF)**

Time: 3 Hours.

Max. Marks: 70

Note: 1. Answer any FIVE questions.

2. Each question carries 14 marks and may have a, b as sub questions.

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|---|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----|-----|
| 1 | a) | What is national income? Briefly explain components and methods of measures of national income and their percentage share in total national income.                                                                                                                                                                          | 7M             | C01 | BL2 |
|   | b) | Define inflation. Explain different categories of inflation and state causes of inflation                                                                                                                                                                                                                                    | 7M             | C01 | BL1 |
| 2 | a) | Define business economics. Illustrate how it helps in solving managerial problems                                                                                                                                                                                                                                            | 7M             | C01 | BL3 |
|   | b) | Explain business cycle. Elaborate different phases at business cycle and list out the measures to be taken for protecting the interests of business                                                                                                                                                                          | 7M             | C01 | BL2 |
| 3 | a) | Discuss about different types of elasticity of demand                                                                                                                                                                                                                                                                        | 7M             | C02 | BL2 |
|   | b) | A consumer was viewing movie in multiplex times in a year with his family when his annual income was Rs. 5,00,000. When the income was raised to Rs. 8,00,600 on his promotion, the frequency of entertainment of his family on movies per year become 12 times. Calculate the income elasticity of demand of entertainment. | 7M             | C02 | BL3 |
| 4 | a) | Statistical and mathematical techniques complicate the process at demand forecasting. Do you agree? Support your answer.                                                                                                                                                                                                     | 7M             | C02 | BL5 |
|   | b) | Elaborate important competition with its types.                                                                                                                                                                                                                                                                              | 7M             | C02 | BL2 |
| 5 | a) | Describe penetration, skimming and loss leader pricing polices used in industry and business? Give some concrete examples also.                                                                                                                                                                                              | 7M             | C03 | BL2 |
|   | b) | Illustrate Break Even Analysis with the help of a Beak Even chart. How is it helpful for managerial decisions?                                                                                                                                                                                                               | 7M             | C03 | BL4 |
| 6 | a) | What is cash flow statement in accounting system? What are its components and significance? Give its format.                                                                                                                                                                                                                 | 7M             | C04 | BL1 |
|   | b) | What are accounting concepts? Discuss any three accounting concepts in detail?                                                                                                                                                                                                                                               | 7M             | C04 | BL1 |
| 7 | a) | What is profit and loss account in accounting system? Give its format.                                                                                                                                                                                                                                                       | 7M             | C04 | BL1 |
|   | b) | What do you understand by double entry book keeping? What are its advantages?                                                                                                                                                                                                                                                | 7M             | C04 | BL2 |
| 8 | a) | Who are the users of financial statements and for what purpose do they use?                                                                                                                                                                                                                                                  | 7M             | C04 | BL1 |
|   | b) | Calculate the gross profit ratio, net operating margin and operating ratio for the given following information. How do you infer on the results?                                                                                                                                                                             | 7M             | C05 | BL4 |
|   |    | Sales                                                                                                                                                                                                                                                                                                                        | Rs. 10,00,000. |     |     |
|   |    | Cost of goods                                                                                                                                                                                                                                                                                                                | Rs. 6,00,000.  |     |     |
|   |    | Selling & administrative costs                                                                                                                                                                                                                                                                                               | Rs.2,00,000.   |     |     |
|   |    | Depreciation                                                                                                                                                                                                                                                                                                                 | Rs.1,00,000.   |     |     |
|   |    | Evaluate the result                                                                                                                                                                                                                                                                                                          |                |     |     |