



**SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY:: PUTTUR  
(AUTONOMOUS)**

Siddharth Nagar, Narayanavanam Road – 517583

**QUESTION BANK (DESCRIPTIVE)**

**Subject with Code:** MEFA (18HS0812)

**Course & Branch:** B.Tech - CSE

**Year & Sem:** III-B.Tech & I-Sem

**Regulation:** R18

**UNIT –I**

**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

<b>1</b>	<b>a</b>	Define managerial economics?	[L1][CO1]	[2M]
	<b>b</b>	Define demand?	[L1][CO2]	[2M]
	<b>c</b>	What is Elasticity of demand?	[L1][CO2]	[2M]
	<b>d</b>	Explain income elasticity of demand?	[L2][CO2]	[2M]
	<b>e</b>	Elucidate Demand forecasting?	[L2][CO2]	[2M]
<b>2</b>	Define Managerial Economics. Explain its Nature and Scope.		[L2][CO1]	[10M]
<b>3</b>	”Managerial economics is the integration of economic theory with business practice for the purpose of facilitating decision making and forward planning by management”. Explain.		[L3][CO1]	[10M]
<b>4</b>	What is the significance of Managerial Economics in decision making		[L2][CO1]	[10M]
<b>5</b>	Define demand and describe its determinants with suitable examples.		[L2][CO2]	[10M]
<b>6</b>	Distinguish between substitutes and complements with examples. How does this distinction of goods help in business decision making?		[L2][CO2]	[10M]
<b>7</b>	State the ‘Law of Demand’. What are the various factors that determine the demand for a Mobile Phone?		[L3][CO2]	[10M]
<b>8</b>	Explain Cross Elasticity of Demand.		[L2][CO2]	[10M]
<b>9</b>	State the demand forecasting techniques.		[L2][CO2]	[10M]
<b>10</b>	What is Managerial Economics? How does it differ from economics?		[L2][CO1]	[10M]

**UNIT –II**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

<b>1</b>	<b>a</b>	Cobb-Douglas production function.	[L1][CO1]	[2M]									
	<b>b</b>	What is Iso-quant ?	[L1][CO3]	[2M]									
	<b>c</b>	Explain Economies of scale?	[L2][CO3]	[2M]									
	<b>d</b>	Fixed vs variable cost.	[L2][CO2]	[2M]									
	<b>e</b>	What is MRTS?	[L1][CO2]	[2M]									
<b>2</b>	Explain the law of variable proportions with its various stages. What are the basic assumptions behind this law?		[L3][CO3]	[10M]									
<b>3</b>	Explain Iso-quant and Iso-cost curves and state characteristics.		[L2][CO3]	[10M]									
<b>4</b>	Explain 'Law of returns to scale'.		[L2][CO3]	[10M]									
<b>5</b>	State the different cost concepts.		[L3][CO2]	[10M]									
<b>6</b>	Define Break-even point and state the assumptions.		[L2][CO3]	[10M]									
<b>7</b>	<p>A firm has declared the following details about its sales:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Year 1</th> <th>Year 2</th> </tr> </thead> <tbody> <tr> <td>Sales (Rs.)</td> <td>1,50,000</td> <td>2,00,000</td> </tr> <tr> <td>Profit (Rs.)</td> <td>15,000</td> <td>25,000</td> </tr> </tbody> </table> <p>(i) Calculate PV Ratio. (ii) Find out the firm's BEP (iii) How much should the company produce and sell to earn profit of Rs.50, 000?</p>			Year 1	Year 2	Sales (Rs.)	1,50,000	2,00,000	Profit (Rs.)	15,000	25,000	[L5][CO2]	[10M]
	Year 1	Year 2											
Sales (Rs.)	1,50,000	2,00,000											
Profit (Rs.)	15,000	25,000											
<b>8</b>	<p>From the following information relating to Hi-Tech publishers you are required to find out (A) Break-even point in units (B) Margin of Safety (C) Profit. Also calculate the volume of sales to earn a profit of Rs.6,000.</p> <p>fixed costs – Rs.4,500,                      Total Variable costs – Rs.7,500</p> <p>Total sales            - Rs.25,000,            Units Sold                      - 5000 units</p>		[L5][CO2]	[10M]									
<b>9</b>	What are the limitations and uses of Break-even analysis.		[L3][CO3]	[10M]									
<b>10</b>	Explain Long run production function.		[L2][CO3]	[10M]									

UNIT –III**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

<b>1</b>	<b>a</b>	Explain types of competition.	[L2][CO4]	[2M]
	<b>b</b>	Differences between perfect competition and imperfect competition	[L3][CO4]	[2M]
	<b>c</b>	What are the objectives of pricing?	[L1][CO3]	[2M]
	<b>d</b>	Elucidate pricing policies.	[L3][CO3]	[2M]
	<b>e</b>	What is LPG?	[L2][CO3]	[2M]
<b>2</b>		Explain how price is determined under perfect competition.	[L2][CO3]	[10M]
<b>3</b>		Distinguish between monopoly and perfect competition.	[L3][CO4]	[10M]
<b>4</b>		Define Oligopoly and state the features	[L2][CO4]	[10M]
<b>5</b>		What are different methods of pricing followed by companies?	[L2][CO4]	[10M]
<b>6</b>		Explain the pricing strategies for a new product.	[L2][CO3]	[10M]
<b>7</b>		Explain briefly about New Economic Environment systems?	[L2][CO3]	[10M]
<b>8</b>		What is perfect competition? Describe its features?	[L3][CO4]	[10M]
<b>9</b>		What is meant by economic liberalization, economic privatization and globalization?	[L2][CO3]	[10M]
<b>10</b>		What are the different market structures?	[L3][CO3]	[10M]

**UNIT –IV**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

<b>1</b>	<b>a</b>	Define capital and explain types of capital.	[L1][CO5]	[2M]																								
	<b>b</b>	Explain Time-value-of-money.	[L2][CO6]	[2M]																								
	<b>c</b>	Define NPV.	[L1][CO6]	[2M]																								
	<b>d</b>	Explain components of working Capital.	[L2][CO6]	[2M]																								
	<b>e</b>	Explain accounting cycle.	[L2][CO5]	[2M]																								
<b>2</b>	Explain the types of Capital Budgeting methods.		[L1][CO6]	[10M]																								
<b>3</b>	Explain the major sources of Capital.		[L2][CO6]	[10M]																								
<b>4</b>	The cost of a project is Rs.50,000 which has an expected life of 5 years. The cash inflows for next 5 years are Rs.24,000; Rs.26,000; Rs.20,000; Rs.17,000 and Rs.16,000 respectively. Determine the Payback period.		[L5][CO5]	[10M]																								
<b>5</b>	<p>A business needs a new machine and has to make the choice between machine Y and Machine Z. The initial cost and net cash flow over five years to the business have been calculated for each machine as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Machine Y</th> <th style="text-align: center;">Machine Z</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><b>Initial cost</b></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;"><b>Net cash flow</b></td> <td style="text-align: center;">20,000</td> <td style="text-align: center;">28,000</td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">8,000</td> <td style="text-align: center;">10,000</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">12,000</td> <td style="text-align: center;">12,000</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">9,000</td> <td style="text-align: center;">12,000</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">7,000</td> <td style="text-align: center;">9,000</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">6,000</td> <td style="text-align: center;">9,000</td> </tr> </tbody> </table> <p>Only one machine is needed, calculate : i) Pay Back Period ii) Accounting rate of Return</p>			Machine Y	Machine Z	<b>Initial cost</b>			<b>Net cash flow</b>	20,000	28,000	1	8,000	10,000	2	12,000	12,000	3	9,000	12,000	4	7,000	9,000	5	6,000	9,000	[L5][CO6]	[10M]
	Machine Y	Machine Z																										
<b>Initial cost</b>																												
<b>Net cash flow</b>	20,000	28,000																										
1	8,000	10,000																										
2	12,000	12,000																										
3	9,000	12,000																										
4	7,000	9,000																										
5	6,000	9,000																										
<b>6</b>	<p>A project involves initial outlay of Rs. 1,29,000. Its working life is expected to be 3 years. The cash inflows are likely to be as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">Inflows</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">64000</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">56000</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">24000</td> </tr> </tbody> </table> <p>Compute the IRR.</p>		Year	Inflows	1	64000	2	56000	3	24000	[L5][CO6]	[10M]																
Year	Inflows																											
1	64000																											
2	56000																											
3	24000																											
<b>7</b>	<p>Consider the case of the company with the following two investment alternatives each costing Rs.9 lakhs. The details of cash inflows are as follows:</p>		[L5][CO6]	[10M]																								

	<b>Year</b>	<b>Project 1</b>	<b>Project 2</b>		
	1	3,00,000	6,00,000		
	2	5,00,000	4,00,000		
	3	6,00,000	3,00,000		
	The cost of capital is 10% per year. Which are will you choose				
	(b) NPV method.				
	(B) Under IRR method.				
<b>8</b>	What is the importance of Capital budgeting and its limitation?			[L1][CO6]	[10M]
<b>9</b>	How do the discounting models differ from non- discounting models?			[L2][CO6]	[10M]
<b>10</b>	What do you understand by time value of money? How is it helpful in Capital Budgeting?			[L1][CO6]	[10M]

**UNIT –V**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**

<b>1</b>	<b>a</b>	Definition of Accounting.	[L1][CO5]	[2M]
	<b>b</b>	Explain the types of accounts and its rules.	[L2][CO5]	[2M]
	<b>c</b>	Elucidate Accounting cycle.	[L3][CO5]	[2M]
	<b>d</b>	Explain the types of activity ratios.	[L2][CO6]	[2M]
	<b>e</b>	What are profitability Ratios?	[L1][CO6]	[2M]
<b>2</b>	The particulars of incomes and expenses of a company are given hereunder, for the year ended 31st March, 2011.		[L5][CO5]	[10M]
	-----			
	Particulars	Rs.	Particulars	Rs.
	-----			
	Opening Stock	76,250	Sales	5,00,000
	Purchases	3,15,000	Closing Stock	98,500
	Manufacturing Exp.	7,000	Income from Investments	6000
	Admin Exp.	1,00,000		
	Selling and Distribution Exp.	12,000		
	Loss by Fire	13,000		
	-----			
	From the above information you are required to calculate :			
	a) Gross profit ratio and Net profit ratio b) Operating ratio c) Stock turnover ratio.			
<b>3</b>	What is meant by Ratio analysis? Explain briefly about various types of ratios.		[L1][CO5]	[10M]
<b>4</b>	Write a short note on : a) Working capital    b) Journal and Ledger with format.		[L1][CO6]	[10M]
<b>5</b>	Briefly explain the various accounting concepts.		[L2][CO5]	[10M]
<b>6</b>	a) Write about various types of accounts and their rules governing each account. b) Advantages of double-entry book-keeping.		[L2][CO5]	[10M]
<b>7</b>	Journalise the following transactions of Mr.Ravi and post them in the ledger and balance the same.		[L5][CO5]	[10M]
	2010, June 1    Ravi invested Rs.5,00,000 cash in the business			
	3    Paid into bank Rs.80,000			
	5    Purchased building for Rs.3,00,000			
	7    Purchase goods for Rs.70,000			
	10 Sold goods for Rs.80,000			
	15 Withdrew cash from bank Rs.10,000			
	25 Paid electric charges Rs.3,000			
	30 Paid salary Rs.15,000			

<b>8</b>	<p>Alpha Manufacturing Co. has drawn up the following Profit and Loss Account for the year ended 31<sup>st</sup> March, 2012.</p> <table border="1" data-bbox="260 230 1268 1144"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> <th>Particulars</th> </tr> </thead> <tbody> <tr> <td>To Opening Stock</td> <td>26,000</td> <td>By Sales</td> </tr> <tr> <td>To Purchases</td> <td>80,000</td> <td>By Closing Stock</td> </tr> <tr> <td>To Wages</td> <td>24,000</td> <td></td> </tr> <tr> <td>To Manufacturing Expenses</td> <td>16,000</td> <td></td> </tr> <tr> <td>To Gross Profit c/d</td> <td>52,000</td> <td></td> </tr> <tr> <td></td> <td><b>198000</b></td> <td></td> </tr> <tr> <td>To Selling and Distribution Exp.</td> <td>4,000</td> <td>By Gross Profit</td> </tr> <tr> <td>To Administrative Exp.</td> <td>22,800</td> <td>Commission Received</td> </tr> <tr> <td>To General Exp.</td> <td>1,200</td> <td></td> </tr> <tr> <td>To Value of furniture lost by Fire</td> <td>800</td> <td></td> </tr> <tr> <td>To Net Profit</td> <td>28,000</td> <td></td> </tr> <tr> <td></td> <td><b>56,800</b></td> <td></td> </tr> </tbody> </table> <p>You are required to find out :</p> <p>a) Gross Profit Ratio                      b) Net Profit Ratio      c) Operating Ratio</p>	Particulars	Rs.	Particulars	To Opening Stock	26,000	By Sales	To Purchases	80,000	By Closing Stock	To Wages	24,000		To Manufacturing Expenses	16,000		To Gross Profit c/d	52,000			<b>198000</b>		To Selling and Distribution Exp.	4,000	By Gross Profit	To Administrative Exp.	22,800	Commission Received	To General Exp.	1,200		To Value of furniture lost by Fire	800		To Net Profit	28,000			<b>56,800</b>		[L5][CO5]	[10M]
Particulars	Rs.	Particulars																																								
To Opening Stock	26,000	By Sales																																								
To Purchases	80,000	By Closing Stock																																								
To Wages	24,000																																									
To Manufacturing Expenses	16,000																																									
To Gross Profit c/d	52,000																																									
	<b>198000</b>																																									
To Selling and Distribution Exp.	4,000	By Gross Profit																																								
To Administrative Exp.	22,800	Commission Received																																								
To General Exp.	1,200																																									
To Value of furniture lost by Fire	800																																									
To Net Profit	28,000																																									
	<b>56,800</b>																																									
<b>9</b>	<p>a) Calculate debtors turnover ratio and debtors collection period, if credit sales for the year Rs.9,00,000, debtors Rs.90,000 and bills payable Rs.60,000.</p> <p>b) Calculate the acid test ratio , if current assets Rs.8,00,000; Current liabilities Rs.4,00,000; and Stock Rs. 2,20,000.</p>	[L5][CO6]	[10M]																																							
<b>10</b>	<p>Journalise the following transactions in the books of Amrutha.</p> <p>2012, Jan 1    Amrutha commenced business with cash Rs.50,000</p> <p>2                Purchased goods for cash Rs.10,000</p> <p>3                Purchased goods from Mohan Rs.6,000</p> <p>7                Paid into bank Rs.5,000</p> <p>10               Purchased furniture Rs.2000</p> <p>20               Sold goods to Suresh on credit Rs.5,000</p> <p>25               Cash sales Rs. 3,500</p> <p>26               Paid to Mohan on account Rs.3,000</p> <p>31               Paid salaries Rs.2,800</p>	[L5][CO5]	[10M]																																							