

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

Siddharth Nagar, Narayanavanam Road – 517583

**QUESTION BANK (DESCRIPTIVE)****Subject with Code:** MEFA (20HS0812)**Course & Branch:** B.Tech –AGRI, CSE**Year & Sem:** II-B.Tech & II-Sem**Regulation:** R20**UNIT –I****INTRODUCTION TO MANAGERIAL ECONOMICS**

<b>1</b>	a) Identify nature of managerial economics through its definitions b) Analyze the significance of managerial economics in decision-making?	[L2][CO1] [L3][CO1]	[6M] [6M]
<b>2</b>	a) What is Managerial Economics? Explain the scope of Managerial Economics. b) Define Elasticity of demand? Explain various measures of Elasticity of Demand?	[L2][CO1] [L1][CO1]	[6M] [6M]
<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”. Comment.	[L4][CO1]	[12M]
<b>4</b>	a) What is demand analysis? Discuss in detail. b) The demand for a particular product depends on several factors –Discuss.	[L1][CO1] [L2][CO1]	[6M] [6M]
<b>5</b>	a) List out the contemporary practices of Managerial Economics. b) Describe the ‘Law of Demand’ and its exceptions.	[L2][CO1] [L1][CO1]	[6M] [6M]
<b>6</b>	a) What do you mean by elasticity of demand? b) State the different types of elasticity of demand.	[L1][CO1] [L2][CO1]	[6M] [6M]
<b>7</b>	a) Examine the significance of studying the concept- demand forecasting. b) List out the various factors that determine the demand for a Mobile Phone?	[L4][CO1] [L4][CO1]	[6M] [6M]
<b>8</b>	a) Managerial economics is closely linked with many other disciplines-comment. b) How do you measure elasticity of demand? Illustrate How you interpret the different type of elasticity.	[L5][CO1] [L3][CO1]	[6M] [6M]
<b>9</b>	a) What do you mean by demand forecasting? b) Evaluate various methods of demand forecasting techniques.	[L1][CO1] [L4][CO1]	[2M] [10M]
<b>10</b>	Is it necessary to accurately estimate the future demand for a product? How can you measure future demand in respect of services?	[L5][CO1]	[12M]

**UNIT –II****THEORY OF PRODUCTION AND COST ANALYSIS**

<b>1</b>	a) Define production function. And explain production function with one variable input.	[L2][CO2]	[6M]									
	b) Explain the law of returns with appropriate examples.	[L2][CO2]	[6M]									
<b>2</b>	a) Explain the Iso-quants or Iso-Product curve with diagram.	[L3][CO2]	[6M]									
	b) In decision making, costs need to be analyzed and understood in a wider perspective - justify	[L4][CO2]	[6M]									
<b>3</b>	a) What is least-cost combination of inputs?	[L2][CO2]	[6M]									
	b) Evaluate the Cobb Douglas production function.	[L4][CO2]	[6M]									
<b>4</b>	a) State the Break-even point with graph.	[L3][CO2]	[8M]									
	b) Illuminate the BEP assumptions.	[L3][CO2]	[4M]									
<b>5</b>	a) Write short notes on i. MRTS. ii. Iso-cost.	[L1][CO2]	[6M]									
	b) Explain the significance of BEP.	[L2][CO2]	[6M]									
<b>6</b>	a) Define cost. Explain the concept of opportunity cost with an example.	[L1][CO2]	[6M]									
	b) Assess various cost concepts.	[L3][CO2]	[6M]									
<b>7</b>	A firm has declared the following details about its sales: <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">Year 1</td> <td style="text-align: center;">Year 2</td> </tr> <tr> <td>Sales (Rs.)</td> <td style="text-align: center;">1,40,000</td> <td style="text-align: center;">1,60,000</td> </tr> <tr> <td>Profit (Rs.)</td> <td style="text-align: center;">15,000</td> <td style="text-align: center;">20,000</td> </tr> </table> (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.40, 000?		Year 1	Year 2	Sales (Rs.)	1,40,000	1,60,000	Profit (Rs.)	15,000	20,000	[L6][CO2]	[12M]
	Year 1	Year 2										
Sales (Rs.)	1,40,000	1,60,000										
Profit (Rs.)	15,000	20,000										
<b>8</b>	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. fixed costs – Rs.4,500,                      Total Variable costs – Rs.7,500 Total sales - Rs.25,000,                      Units Sold - 5000 units	[L5][CO2]	[12M]									
<b>9</b>	a) “Economies occur as a result of increase in scale of production” comment.	[L4][CO2]	[6M]									
	b) State the dis-economies of scale.	[L1][CO2]	[6M]									
<b>10</b>	A high-tech rail can carry a maximum of 36,000 passengers per annum at a fare of Rs.400. The variable cost per passenger is Rs.150 while the fixed costs are 25,00,000 per year. Find the break- even point in terms of number of passengers and also in terms of fare collections.	[L5][CO2]	[12M]									

**UNIT –III****INTRODUCTION TO MARKETS AND NEW ECONOMIC ENVIRONMENT**

<b>1</b>	a) Define market structure.	[L1][CO3]	[4M]
	b) How markets are classified based on degree of competition?	[L4][CO3]	[8M]
<b>2</b>	a) Discuss various characteristics of market.	[L2][CO3]	[6M]
	b) State the features of Imperfect competition.	[L1][CO3]	[6M]
<b>3</b>	a) Define market and explain features of monopoly.	[L1][CO3]	[6M]
	b) What is meant by perfect competition? Explain its features.	[L2][CO3]	[6M]
<b>4</b>	a) Explain how the price is determined in case of perfect competition.	[L3][CO3]	[4M]
	b) Explain different methods of pricing.	[L2][CO3]	[8M]
<b>5</b>	a) Write short notes on skimming strategy.	[L2][CO3]	[6M]
	b) Distinguish between monopoly and perfect competition.	[L2][CO3]	[6M]
<b>6</b>	a) Define monopoly and state its features.	[L1][CO3]	[6M]
	b) Illustrate the price and output determination in case of monopoly	[L2][CO3]	[6M]
<b>7</b>	a) Define oligopoly and its features.	[L1][CO3]	[6M]
	b) List out the features of monopolistic competition.	[L1][CO3]	[6M]
<b>8</b>	a) State the marketing strategy based pricing.	[L1][CO3]	[6M]
	b) Globalization is a means of attaining international standard of living .Do you agree with this statement?	[L5][CO3]	[6M]
<b>9</b>	a) Write short notes on new economic environment.	[L2][CO3]	[6M]
	b) Evaluate LPG.	[L4][CO3]	[6M]
<b>10</b>	a) What do you understand by economic liberalization?	[L2][CO3]	[6M]
	b) Do you think 'privatization' is an effective measure to turn around an ailing economy such as India's?	[L5][CO3]	[6M]

**UNIT –IV****CAPITAL AND CAPITAL BUDGETING**

<b>1</b>	a) What is capital? Elucidate the over and under capitalization. b) State the Remedial measures of over and under capitalization.	[L3][CO4] [L2][CO4]	[6M] [6M]																											
<b>2</b>	a) Explain the types of Capital Budgeting methods. b) Write short notes on Long term capital.	[L2][CO4] [L1][CO4]	[6M] [6M]																											
<b>3</b>	a) Explain the major sources of Capital. b) The cost of project is Rs 50000 the annual cash inflow for the next 4 years are Rs 25000. What is the Payback period for the project?	[L2][CO4] [L4][CO4]	[6M] [6M]																											
<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.17000 and Rs.16,000 respectively. Determine the Payback period.	[L5][CO4]	[12M]																											
<b>5</b>	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:  <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></td> <td></td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">20,000</td> <td style="text-align: center;">28,000</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">8,000</td> <td style="text-align: center;">10,000</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">12,000</td> <td style="text-align: center;">12,000</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">9,000</td> <td style="text-align: center;">12,000</td> </tr> <tr> <td style="text-align: center;">5</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 style="text-align: center;">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>			1	20,000	28,000	2	8,000	10,000	3	12,000	12,000	4	9,000	12,000	5	7,000	9,000	5	6,000	9,000	[L5][CO4]	[12M]
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<b>6</b>	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:  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">Project1</th> <th style="text-align: center;">Project2</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">3,00,000</td> <td style="text-align: center;">6,00,000</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">5,00,000</td> <td style="text-align: center;">4,00,000</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">6,00,000</td> <td style="text-align: center;">3,00,000</td> </tr> </tbody> </table> <p style="text-align: center;">Estimated the cost of capital is 10% per year. Determine NPV for the two projects.</p>	Year	Project1	Project2	1	3,00,000	6,00,000	2	5,00,000	4,00,000	3	6,00,000	3,00,000	[L5][CO4]	[12M]															
Year	Project1	Project2																												
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2	5,00,000	4,00,000																												
3	6,00,000	3,00,000																												
<b>7</b>	a) Write short notes on payback period. b) The cost of the project is Rs.5, 00,000, Which has an expected life of five years. The cash inflow for the next five years are Rs.2,40,000, Rs.2,60,000, Rs.2,70,000, Rs 2,00,000 and Rs.1,60,000 respectively Determine payback period.	[L1][CO4] [L5][CO4]	[4M] [8M]																											
<b>8</b>	a) What is the importance of Capital budgeting and what are its limitations? b) What is meant by working capital and working capital cycle?	[L1][CO4] [L2][CO4]	[6M] [6M]																											
<b>9</b>	How the discounting models differ from non- discounting models?	[L3][CO4]	[12M]																											
<b>10</b>	a) What do you understand by time value of money? b) How the time value of money is helpful in Capital Budgeting?	[L1][CO4] [L4][CO4]	[6M] [6M]																											



<b>8</b>	a) Calculate debtors turnover ratio and debt collection period, if credit sales for the year Rs.9,00,000 debtors Rs.90,000 and bills payable Rs.60,000.	[L5][CO5]	[6M]
	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.	[L5][CO5]	[6M]
<b>9</b>	a) Write short notes on interest coverage ratio.	[L2][CO5]	[4M]
	b) Explain inventory turnover ratio and debtor's turnover ratio.	[L1][CO5]	[8M]
<b>10</b>	Journalize the following transactions in the books of Ragavan. 2012, Jan 1 Ragavan commenced business with cash Rs.2,00,000 2 Purchased goods for cash Rs.10,000 3 Purchased goods from Mohan Rs.6,000 7 Paid into bank Rs.5,000 10 Purchased furniture Rs.2000 20 Sold goods to Suresh on credit Rs.5,000 25 Cash sales Rs. 3,500 26 Paid to Mohan on account Rs.3,000 31 Paid salaries Rs.2,800	[L5][CO5]	[12M]

**Prepared by:**  
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