

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

Siddharth Nagar, Narayanavanam Road – 517583



**Subject with Code:** MEFA (20HS0812)

Course & Branch: B.Tech –  
CSM,CAD,CIC,CCC,CAI & AGE

**Year & Sem:** II-B.Tech & II-Sem

**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? Briefly explain the role of managerial economics in business decision making. 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>	Define the elasticity of demand? List out and explain the factors governing elasticity of demand.	[L4][CO1]	[12M]
<b>8</b>	How do you measure elasticity of demand? Illustrate How you interpret the different Type of elasticity.	[L3][CO1]	[12M]
<b>9</b>	Evaluate various methods of demand forecasting techniques.	[L4][CO1]	[12M]
<b>10</b>	a) What do you mean by demand forecasting? b) Briefly explain about the factors governing Demand forecasting.	[L1][CO1] [L3][CO1]	[2M] [10M]

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

1	a) Define production function. Explain production function with one variable input.	[L2][CO2]	[6M]												
	b) Explain the law of returns with appropriate examples.	[L2][CO2]	[6M]												
2	Write short notes on Isoquants its features, Iso cost, least cost combination of inputs and MRTS.	[L3][CO2]	[12M]												
3	a) What is Marginal rate of technical substitution?	[L2][CO2]	[6M]												
	b) Evaluate the Cobb Douglas production function.	[L4][CO2]	[6M]												
4	State the Break-even point with graph. Illuminate the BEP assumptions	[L3][CO2]	[12M]												
5	a) Graphical representation of Break- evens analysis and its determinants.	[L1][CO2]	[6M]												
	b) Explain the significance of BEP and key terms of BEP.	[L2][CO2]	[6M]												
6	A Firm has a fixed cost of Rs 50000/- selling price per unit Rs50/- and variable cost per unit Rs 25/- present level of production is 3500/- units i) Determine BEP in terms of volume and also sales value. ii) Calculate the margin of safety. iii) What is the change in BEP and margin of safety if Fixed cost increases from Rs50000/- to Rs60000/-	[L4][CO2]	[12M]												
7	A firm has Fixed Cost of Rs 10000/-, selling price per unit is Rs.5/- and variable cost per unit is Rs. 3/- (a). Determine Break Even Point in terms of Volume and also Sales Value (b). calculate the Margin of safety considering that the actual production is 8000 units.	[L4][CO2]	[12M]												
8	From the following information relating to Hi-Tech publishers, you are required to find out i) Break-even point in units ii) Margin of Safety.  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Year 1(in Rs.)</th> <th>Year 2(in Rs.)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>50000</td> <td>120000</td> </tr> <tr> <td>Fixed cost</td> <td>10000</td> <td>20000</td> </tr> <tr> <td>Variable cost</td> <td>30000</td> <td>60000</td> </tr> </tbody> </table>		Year 1(in Rs.)	Year 2(in Rs.)	Sales	50000	120000	Fixed cost	10000	20000	Variable cost	30000	60000	[L5][CO2]	[12M]
	Year 1(in Rs.)	Year 2(in Rs.)													
Sales	50000	120000													
Fixed cost	10000	20000													
Variable cost	30000	60000													
9	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]												
10	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. b) How markets are classified based on degree of competition?	[L1][CO3] [L4][CO3]	[6M] [6M]
<b>2</b>	a) Discuss various characteristics of market. b) State the features of Imperfect competition.	[L2][CO3] [L1][CO3]	[6M] [6M]
<b>3</b>	a) Define market and explain features of monopoly. b) What is meant by perfect competition? Explain its features.	[L1][CO3] [L2][CO3]	[6M] [6M]
<b>4</b>	a) Explain how the price is determined in case of perfect competition. b) Explain different methods of pricing.	[L3][CO3] [L2][CO3]	[6M] [6M]
<b>5</b>	a) Write short notes on skimming strategy. b) Distinguish between monopoly and perfect competition.	[L2][CO3] [L2][CO3]	[6M] [6M]
<b>6</b>	Illustrate the price and output determination in case of monopoly	[L2][CO3]	<b>12M</b>
<b>7</b>	a) Define oligopoly and its features. b) Compare between Perfect competition and Imperfect competition.	[L1][CO3] [L4][CO3]	[6M] [6M]
<b>8</b>	Globalization is a means of attaining international standard of living. Do you agree with this statement?	[L5][CO3]	<b>[12M]</b>
<b>9</b>	Write short notes on new economic environment and Evaluate LPG.	[L4][CO3]	<b>[12M]</b>
<b>10</b>	a) What do you understand by economic liberalization? b) Do you think „privatization“ is an effective measure to turn around an ailing economy such as India“s?	[L2][CO3] [L5][CO3]	[6M] [6M]

**UNIT -IV**  
**CAPITAL AND CAPITAL BUDGETING**

<b>1</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?	[L3][CO4] [L2][CO4]	[6M] [6M]															
<b>2</b>	Define capital budgeting. Explain the various methods of Capital Budgeting.	[L2][CO4]	[12M]															
<b>3</b>	a) Explain the major sources of Capital. b) What are advantages and disadvantages of Pay back Method.	[L2][CO4] [L4][CO4]	[6M] [6M]															
<b>4</b>	a) The cost of project-A is Rs 50000 and cost of project-B is Rs1,00,000 the annual cash inflow for the next 4 years are Rs 25000 .What is the Payback period for the Project A & B? b) The cost of a project is Rs.50,000 which has an expected life of 5 years. The cashinflows 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] [L5][CO4]	[6M] [6M]															
<b>5</b>	From the following particles of two machines each costing Rs 2,50,000/- suggest which is the best machines and why ? <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Years</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> </tr> </thead> <tbody> <tr> <td><b>Machine X</b></td> <td>90,000</td> <td>1,60,000</td> <td>1,20,000</td> <td>70,000</td> </tr> <tr> <td><b>Machine Y</b></td> <td>1,60,000</td> <td>1,20,000</td> <td>90,000</td> <td>50,000</td> </tr> </tbody> </table> <p>Calculate: i) Pay Back Period ii) Accounting rate of Return,</p>	Years	1	2	3	4	<b>Machine X</b>	90,000	1,60,000	1,20,000	70,000	<b>Machine Y</b>	1,60,000	1,20,000	90,000	50,000	[L5] [CO4]	[12M]
Years	1	2	3	4														
<b>Machine X</b>	90,000	1,60,000	1,20,000	70,000														
<b>Machine Y</b>	1,60,000	1,20,000	90,000	50,000														
<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;"> <tr> <td>Year</td> <td>1</td> <td>2</td> <td>3</td> </tr> <tr> <td>Project1</td> <td>3,00,000</td> <td>5,00,000</td> <td>6,00,000</td> </tr> <tr> <td>Project2</td> <td>6,00,000</td> <td>3,00,000</td> <td>4,00,000</td> </tr> </table> <p>Estimated the cost of capital is 10% per year. Determine NPV for the two projects.</p>	Year	1	2	3	Project1	3,00,000	5,00,000	6,00,000	Project2	6,00,000	3,00,000	4,00,000	[L5][CO4]	[12M]			
Year	1	2	3															
Project1	3,00,000	5,00,000	6,00,000															
Project2	6,00,000	3,00,000	4,00,000															
<b>7</b>	a) Write short notes on payback period. b) The cost of the project is Rs.10,00,000, which has an expected life of five years. The cash inflow for the next five years are Rs.3,20,000, Rs.3,80,000, Rs.3,00,000, Rs 3,00,000 and Rs.2,60,000 respectively Determine payback period.	[L1][CO4] [L5][CO4]	[4M] [8M]															
<b>8</b>	a) What do you understand by internal rate of returns method? b) Elucidate the Accounting rate of return method.	[L1][CO4] [L4][CO4]	[6M] [6M]															
<b>9</b>	Write short notes on Net Present Value and advantages and disadvantages of NPV.	[L3][CO4]	[12M]															
<b>10</b>	Calculate Net Present Value a discount factor of 12% is used to the projects. <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Project A</td> <td>1,50,000</td> <td>2,50,000</td> <td>2,00,000</td> <td>1,50,000</td> <td>1,00,000</td> </tr> <tr> <td>Project B</td> <td>50,000</td> <td>1,50,000</td> <td>2,00,000</td> <td>3,00,000</td> <td>2,00,000</td> </tr> </table>	Project A	1,50,000	2,50,000	2,00,000	1,50,000	1,00,000	Project B	50,000	1,50,000	2,00,000	3,00,000	2,00,000	[L5][CO4]	[12M]			
Project A	1,50,000	2,50,000	2,00,000	1,50,000	1,00,000													
Project B	50,000	1,50,000	2,00,000	3,00,000	2,00,000													

**UNIT –V****INTRODUCTION TO FINANCIAL ACCOUNTING AND ANALYSIS**

<b>1</b>	a) What is meant by Ratio analysis?	[L1][CO5]	[6M]																																												
	b) Explain briefly about various types of ratios.	[L2][CO5]	[6M]																																												
<b>2</b>	a) Define accounting. Explain the concepts of accounting	[L2][CO5]	[6M]																																												
	b) What are the emerging needs of accounting?	[L3][CO5]	[6M]																																												
<b>3</b>	Write short notes on:	[L1][CO5]	[6M]																																												
	a) Journal and Ledger with format.      b) Trading account with format.	[L1][CO5]	[6M]																																												
<b>4</b>	a) Elucidate the importance of accounting.	[L2][CO5]	[6M]																																												
	b) State the concept of double entry book keeping.	[L1][CO5]	[6M]																																												
<b>5</b>	a) Write about various types of accounts and their rules governing each account.	[L2][CO5]	[6M]																																												
	b) Brief note on accounting cycle.	[L2][CO5]	[6M]																																												
<b>6</b>	From the following balance Sheet of XYZ Co. Ltd., Calculate liquidity ratios.	[L5][CO5]	[12M]																																												
	Balance sheet of XYZ Co. Ltd. As on 31.12.2022																																														
	<table border="1"> <thead> <tr> <th>Liabilities</th> <th>(Rs in thousand)</th> <th>Assets</th> <th>(Rs in thousand)</th> </tr> </thead> <tbody> <tr> <td>Preference share capital</td> <td>100</td> <td>Lands and buildings</td> <td>225</td> </tr> <tr> <td>Equity share capital</td> <td>150</td> <td>Plant and Machinery</td> <td>250</td> </tr> <tr> <td>General reserve</td> <td>250</td> <td>Furniture and Fixtures</td> <td>100</td> </tr> <tr> <td>Debentures</td> <td>400</td> <td>Stock</td> <td>250</td> </tr> <tr> <td>Creditors</td> <td>200</td> <td>Debtors</td> <td>125</td> </tr> <tr> <td>Bills Payable</td> <td>50</td> <td>Cash at Bank</td> <td>250</td> </tr> <tr> <td>Outstanding Expenses</td> <td>50</td> <td>Cash in hand</td> <td>125</td> </tr> <tr> <td>Profit and loss account</td> <td>100</td> <td>Prepaid expenses</td> <td>50</td> </tr> <tr> <td>Bank</td> <td>200</td> <td>Marketable securities</td> <td>125</td> </tr> <tr> <td>Total</td> <td>1500</td> <td>Total</td> <td>1500</td> </tr> </tbody> </table>	Liabilities	(Rs in thousand)	Assets	(Rs in thousand)	Preference share capital	100	Lands and buildings	225	Equity share capital	150	Plant and Machinery	250	General reserve	250	Furniture and Fixtures	100	Debentures	400	Stock	250	Creditors	200	Debtors	125	Bills Payable	50	Cash at Bank	250	Outstanding Expenses	50	Cash in hand	125	Profit and loss account	100	Prepaid expenses	50	Bank	200	Marketable securities	125	Total	1500	Total	1500		
Liabilities	(Rs in thousand)	Assets	(Rs in thousand)																																												
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Profit and loss account	100	Prepaid expenses	50																																												
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Total	1500	Total	1500																																												
<b>7</b>	Write short notes on Inventory Turnover Ratio and Inventory holding periods. And also calculate with following data. A Firm sold goods worth Rs 5, 00,000 and its gross profit is 20 percent of sales value. The inventory at the beginning of the year was Rs 16000 and at end of the year was Rs 14000.	[L5][CO5]	[12M]																																												
<b>8</b>	a) Write a short note on the following Liquidity ratio.	[L2][CO5]	[6M]																																												
	b) A firm's sales during the year were Rs. 4, 00,000 of which 60 percent were on credit basis. The balance of debtors at the beginning and end of the year were 25,000 and 15, 000 respectively. Calculate debtor's turnover ratio of the firm, also find out Debt collection period.	[L5][CO5]	[6M]																																												
<b>9</b>	a) Write short notes on interest coverage ratio.	[L2][CO5]	[4M]																																												
	b) Explain Gross profit ratio and Net profit ratio.	[L1][CO5]	[8M]																																												

<b>10</b>	Journalize the following transactions in the books of Ms. Jeevani	[L5][CO5]	[12M]
	2012, Jan 1 Jeevani commenced business with cash Rs.5,00,000		
	2 Purchased goods for cash Rs.20,000		
	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		

**Prepared by:**  
**Department of MBA**