



**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

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

UNIT –II
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

1	a	Cobb-Douglas production function.	[L1][CO1]	[2M]									
	b	What is Iso-quant ?	[L1][CO3]	[2M]									
	c	Explain Economies of scale?	[L2][CO3]	[2M]									
	d	Fixed vs variable cost.	[L2][CO2]	[2M]									
	e	What is MRTS?	[L1][CO2]	[2M]									
2	Explain the law of variable proportions with its various stages. What are the basic assumptions behind this law?		[L3][CO3]	[10M]									
3	Explain Iso-quant and Iso-cost curves and state characteristics.		[L2][CO3]	[10M]									
4	Explain 'Law of returns to scale'.		[L2][CO3]	[10M]									
5	State the different cost concepts.		[L3][CO2]	[10M]									
6	Define Break-even point and state the assumptions.		[L2][CO3]	[10M]									
7	<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											
8	<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]									
9	What are the limitations and uses of Break-even analysis.		[L3][CO3]	[10M]									
10	Explain Long run production function.		[L2][CO3]	[10M]									

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

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

UNIT –IV
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

1	a	Define capital and explain types of capital.	[L1][CO5]	[2M]																								
	b	Explain Time-value-of-money.	[L2][CO6]	[2M]																								
	c	Define NPV.	[L1][CO6]	[2M]																								
	d	Explain components of working Capital.	[L2][CO6]	[2M]																								
	e	Explain accounting cycle.	[L2][CO5]	[2M]																								
2		Explain the types of Capital Budgeting methods.	[L1][CO6]	[10M]																								
3		Explain the major sources of Capital.	[L2][CO6]	[10M]																								
4		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]																								
5		<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;">Initial cost</td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">Net cash flow</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	Initial cost			Net cash flow	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]
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6		<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]																
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1	64000																											
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3	24000																											
7		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:	[L5][CO6]	[10M]																								

	Year	Project 1	Project 2		
	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.				
8	What is the importance of Capital budgeting and its limitation?			[L1][CO6]	[10M]
9	How do the discounting models differ from non- discounting models?			[L2][CO6]	[10M]
10	What do you understand by time value of money? How is it helpful in Capital Budgeting?			[L1][CO6]	[10M]

8	<p>Alpha Manufacturing Co. has drawn up the following Profit and Loss Account for the year ended 31st March, 2012.</p> <table border="1" data-bbox="263 235 1268 1142"> <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>198000</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>56,800</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			198000		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			56,800		[L5][CO5]	[10M]
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9	<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]																																							
10	<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]																																							