R18

SIDDARTHA INSTITUTE OF SCIENCE AND TECHNOLOGY: PUTTUR – 517583
(AUTONOMOUS)
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QUESTION BANK (DESCRIPTIVE)

Subject with Code: MEFA (18HS0812)   **Course & Branch**: B.Tech – CSE/EEE

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	A firm has declared the following details about its sales:	[L5][CO2]	**[10M]**

	Year 1	Year 2
Sales (Rs.)	1,50,000	2,00,000
Profit (Rs.)	15,000	25,000

(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?

8	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.	[L5][CO2]	**[10M]**

fixed costs – Rs.4,500,   Total Variable costs – Rs.7,500

Total sales   - Rs.25,000,   Units Sold   - 5000 units

9	What are the limitations and uses of Break-even analysis.	[L3][CO3]	**[10M]**
10	Explain Long run production function.	[L2][CO3]	**[10M]**

<u>UNIT –III</u>

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][C06]	**[2M]**
	c	Define NPV.	[L1][CO6]	**[2M]**
	d	Explain components of working Capital.	[L2][OC6]	**[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.17000 and Rs.16,000 respectively. Determine the Payback period.	[L5][CO5]	**[10M]**
5		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:	[L5][CO6]	**[10M]**

	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

Only one machine is needed, calculate : i) Pay Back Period

ii) Accounting rate of Return

6	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:	[L5][CO6]	**[10M]**

Year	Inflows
1	64000
2	56000
3	24000

Compute the IRR.

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]**

UNIT –V
MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS

1	**a**	Definition of Accounting.	[L1][CO5]	**[2M]**
	b	Explain the types of accounts and its rules.	[L2][CO5]	**[2M]**
	c	Elucidate Accounting cycle.	[L3][CO5]	**[2M]**
	d	Explain the types of activity ratios.	[L2][CO6]	**[2M]**
	e	What are profitability Ratios?	[L1][CO6]	**[2M]**
2		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.

3	What is meant by Ratio analysis? Explain briefly about various types of ratios.	[L1][CO5]	**[10M]**
4	Write a short note on : a) Working capital b) Journal and Ledger with format.	[L1][CO6]	**[10M]**
5	Briefly explain the various accounting concepts.	[L2][CO5]	**[10M]**
6	a) Write about various types of accounts and their rules governing each account. b) Advantages of double-entry book-keeping.	[L2][CO5]	**[10M]**
7	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

8   Alpha Manufacturing Co. has drawn up the following Profit and Loss Account for   [L5][CO5]   **[10M]**
the year ended 31st March, 2012.

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	

You are required to find out :

a) Gross Profit Ratio   b) Net Profit Ratio   c) Operating Ratio

9   a) Calculate debtors turnover ratio and debtors collection period, if credit sales for   [L5][CO6]   **[10M]**
the year Rs.9,00,000, debtors Rs.90,000 and bills payable Rs.60,000.
   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.

10   Journalise the following transactions in the books of Amrutha.   [L5][CO5]   **[10M]**

     2012, Jan 1   Amrutha commenced business with cash Rs.50,000
           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

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