



**SIDDHARTHA INSTITUTE OF SCIENCE AND TECHNOLOGY: PUTTUR-517 583  
(AUTONOMOUS)**

Siddharth Nagar, Narayanavanam Road – 517583

**QUESTION BANK (DESCRIPTIVE)**

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

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

**Regulation:** R18

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

**UNIT –I**

**INTRODUCTION TO MANAGERIAL ECONOMICS**

<b>1</b>	<b>a</b>	Define the term Managerial Economics?	[L1][CO1]	<b>[2M]</b>
	<b>b</b>	What meant by Elasticity of Demand	[L1][CO1]	<b>[2M]</b>
	<b>c</b>	What is law of demand?	[L1][CO1]	<b>[2M]</b>
	<b>d</b>	Describe the exception to the Law of Demand	[L1][CO1]	<b>[2M]</b>
	<b>e</b>	Write a short on demand forecasting	[L1][CO1]	<b>[2M]</b>
<b>2</b>	What is Managerial Economics? Define the scope of Managerial Economics		[L1][CO1]	<b>10M</b>
<b>3</b>	Define managerial economics. Illustrate how it helps in solving managerial problems and explain the nature		[L2][CO1]	<b>10M</b>
<b>4</b>	What is the main area of Managerial Economics in decision making?		[L1][CO1]	<b>10M</b>
<b>5</b>	What do you mean by elasticity of demand? Explain different types of elasticity of demand.		[L1][CO1]	<b>10M</b>
<b>6</b>	What is Law of Demand? What are its assumptions?		[L1][CO1]	<b>10M</b>
<b>7</b>	What is meant by elasticity of demand? How do you measure it?		[L1][CO1]	<b>10M</b>
<b>8</b>	List out the contemporary importance of Managerial Economics		[L4][CO1]	<b>10M</b>
<b>9</b>	Define the term Demand? List out and explain the determinants of demand?		[L4][CO1]	<b>10M</b>
<b>10</b>	What do you mean by demand forecasting? Evaluate various demand forecasting techniques.		[L5][CO1]	<b>10M</b>

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

<b>1</b>	<b>a</b>	What are features of an isoquant?	[L1][CO2]	[2M]												
	<b>b</b>	Describe marginal rate of technical substitution (MRTS)	[L1][CO2]	[2M]												
	<b>c</b>	Define least cost combination of inputs	[L1][CO2]	[2M]												
	<b>d</b>	Define fixed cost and variable cost with examples?	[L1][CO2]	[2M]												
	<b>e</b>	Write a short note on Cobb-Douglas production function?	[L1][CO2]	[2M]												
<b>2</b>	Define Break-even point with graph and state the assumptions.		[L1][CO2]	[10M]												
<b>3</b>	Define and compare isoquants and isocost. What are its properties?		[L2][CO2]	[10M]												
<b>4</b>	Evaluate the production function with one variable inputs and laws of returns		[L5][CO2]	[10M]												
<b>5</b>	<p>Srikanth enterprises deals in the supply of hardware parts of computer. The following data is available for two successive periods:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Year 1(Rs)</th> <th style="text-align: center;">Year 2 (Rs)</th> </tr> </thead> <tbody> <tr> <td>sales</td> <td style="text-align: center;">50,000</td> <td style="text-align: center;">1,20,000</td> </tr> <tr> <td>Fixed costs</td> <td style="text-align: center;">10,000</td> <td style="text-align: center;">20,000</td> </tr> <tr> <td>Variable costs</td> <td style="text-align: center;">30,000</td> <td style="text-align: center;">60,000</td> </tr> </tbody> </table> <p>Predict (a) Break-even point (b) Margin of safety.</p>			Year 1(Rs)	Year 2 (Rs)	sales	50,000	1,20,000	Fixed costs	10,000	20,000	Variable costs	30,000	60,000	[L6][CO2]	[10M]
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sales	50,000	1,20,000														
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<b>6</b>	Define production function and explain it.		[L1][CO2]	[10M]												
<b>7</b>	<p>A firm has Fixed Cost of Rs 10000/-, selling price per unit is Rs.5/- and variable cost per unit is Rs. 3/-</p> <p>(a). Predict Break Even Point in terms of Volume and also Sales Value calculate the Margin of safety considering that the actual production is 8000 units</p>		[L6][CO2]	[10M]												
<b>8</b>	What are the limitations and uses of Break-even analysis chart?		[L1][CO2]	[10M]												
<b>9</b>	Analyze economics of scales and diseconomies of scales		[L4][CO2]	[10M]												
<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.		[L6][CO2]	[10M]												

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

<b>1</b>	<b>a</b>	What are the objectives of pricing?	[L1][CO3]	[2M]
	<b>b</b>	Write a short note on market skimming?	[L1][CO3]	[2M]
	<b>c</b>	Define market penetration?	[L1][CO3]	[2M]
	<b>d</b>	What is meant by cost plus pricing?	[L1][CO3]	[2M]
	<b>e</b>	Write a short note on block pricing?	[L1][CO3]	[2M]
<b>2</b>	Explain perfect competition in market structure and appraise its features of perfect competition		[L5][CO3]	[10M]
<b>3</b>	What is market structure? Explain the types of market structure		[L1][CO3]	[10M]
<b>4</b>	Distinguish between monopoly and perfect competition.		[L2][CO3]	[10M]
<b>5</b>	Define Oligopoly and state the features.		[L1][CO3]	[10M]
<b>6</b>	What is pricing? Explain different methods of pricing.		[L1][CO3]	[10M]
<b>7</b>	Define a Monopoly market? How the Price-Output determination is made under Monopoly Markets? Analyse with a diagram.		[L4][CO3]	[10M]
<b>8</b>	What is Imperfect Competition? Describe its features.		[L1][CO3]	[10M]
<b>9</b>	Write a short note on new economic environment		[L1][CO3]	[10M]
<b>10</b>	Analyse is meant by economic liberalization, economic privatization and globalization		[L4][CO3]	[10M]

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

<b>1</b>	<b>a</b>	Define methods and sources of finance	[L1][CO4]	[2M]																								
	<b>b</b>	Write a short note on working capital cycle	[L1][CO4]	[2M]																								
	<b>c</b>	Define IRR method in capital budgeting	[L1][CO4]	[2M]																								
	<b>d</b>	Write short notes on ARR.	[L1][CO4]	[2M]																								
	<b>e</b>	The cost of project is Rs 50000 the annual cash inflow for the next 4 years are Rs 25000. What is the Pay back period for the project?	[L1][CO4]	[2M]																								
<b>2</b>	Elucidate capital budgeting? Its significance.		[L5][CO4]	[10M]																								
<b>3</b>	Summarize briefly Net Present Value technique of capital budgeting.		[L2][CO4]	[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.20,000; Rs.,14,000; Rs.16,000; Rs.17000 and Rs.16,000 respectively. Determine the Payback period.		[L6][CO4]	[10M]																								
<b>5</b>	How do you calculate Payback period and ARR. Illustrate with an example?		[L4][CO4]	[10M]																								
<b>6</b>	<p>A business needs a new machine and has to make the choice between machine X 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>Machine X</th> <th>Machine Y</th> </tr> </thead> <tbody> <tr> <td>Initial cost</td> <td>20000</td> <td>20000</td> </tr> <tr> <td>Cash flow</td> <td></td> <td></td> </tr> <tr> <td>    1</td> <td>8,000</td> <td>12,000</td> </tr> <tr> <td>    2</td> <td>12,000</td> <td>8,000</td> </tr> <tr> <td>    3</td> <td>10,000</td> <td>12,000</td> </tr> <tr> <td>    4</td> <td>9,000</td> <td>7,000</td> </tr> <tr> <td>    5</td> <td>7,000</td> <td>7,000</td> </tr> </tbody> </table> <p>calculate: i) Pay Back Period ii) accounting rate of Return</p>			Machine X	Machine Y	Initial cost	20000	20000	Cash flow			1	8,000	12,000	2	12,000	8,000	3	10,000	12,000	4	9,000	7,000	5	7,000	7,000	[L6][CO4]	[10M]
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<b>7</b>	What is capital budgeting? Explain the techniques of Capital Budgeting.		[L1][CO4]	[10M]																								
<b>8</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> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Project 1</th> <th>Project 2</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>3,00,000</td> <td>6,00,000</td> </tr> <tr> <td>2</td> <td>5,00,000</td> <td>4,00,000</td> </tr> <tr> <td>3</td> <td>6,00,000</td> <td>3,00,000</td> </tr> </tbody> </table> <p>Estimate the cost of capital is 10% per year with NPV Method</p>		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	[L6][CO4]	[10M]												
Year	Project 1	Project 2																										
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2	5,00,000	4,00,000																										
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<b>9</b>	write a short notes of payback period. 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.		[L5][CO4]	[10M]																								
<b>10</b>	What is meant by working capital and working capital cycle?		[L1][CO4]	[10M]																								

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

<b>1</b>	<b>a</b>	Suppose the Net sales is 50,000 for a firm and cost of goods sold is 20,000. Calculate gross profit ratio.	[L1][CO5]	[2M]
	<b>b</b>	write a short note on Define Debt turnover ratio	[L1][CO5]	[2M]
	<b>c</b>	write a short note on activity ratio	[L1][CO5]	[2M]
	<b>d</b>	write a short note on Gross Profit ratio	[L1][CO5]	[2M]
	<b>e</b>	write a short note on Net profit ratio	[L1][CO5]	[2M]
<b>2</b>	What is meant by Ratio analysis? Explain briefly about various types of ratios.		[L3][CO5]	[10M]
<b>3</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 at the end of the year were Rs.25,000 and Rs.15,000 respectively. Calculate debtor's turnover ratio of the firm. And also find out debt collection period.		[L6][CO5]	[10M]
<b>4</b>	Write a short note on Journal and Ledger with format.		[L1][CO5]	[10M]
<b>5</b>	Write short notes on Inventory turnover ratio A firm sold good worth Rs.5,00,000 and its gross profit is 20% of sales value. The inventory at the beginning of the year was Rs. 16,000 and at the end of the year were 14,000. Compute inventory turnover ratio and the inventory holdingperiod		[L5][CO5]	[10M]
<b>6</b>	Journalize the following transactions in the book of Mr. Ravi. 2010, June1 Ravi invested Rs.5,00,000 cash in thebusiness 3 Paid into bankRs.80,000 5 Purchased building forRs.3,00,000 7 Purchase goods forRs.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 salaryRs.15,000		[L6][CO5]	[10M]
<b>7</b>	Write about various types of accounts and their rules governing each account.		[L1][CO5]	[10M]
<b>8</b>	Mention the advantages of double-entry book-keeping.		[L4][CO5]	[10M]
<b>9</b>	Journalize the following transactions in the books of Amrutha. 2012,Jan 1 Amrutha commenced business with cashRs.50,000 2 Purchased goods for cashRs.10,000 3 Purchased goods from MohanRs.6,000 7 Paid into bankRs.5,000 10 Purchased furnitureRs.2000 20 Sold goods to Suresh on creditRs.5,000 25 Cash sales Rs.3,500 26 Paid to Mohan on accountRs.3,000 31 Paid salariesRs.2,800		[L6][CO5]	[10M]
<b>10</b>	Write short notes on interest coverage ratioand find out the earnings before interest and taxes (EBIT) of a company is Rs 5,60,000. Its fixed commitments include payment of 10% debentures of Rs100 each. calculate interest coverageratio.		[L6][CO5]	[10M]