



**SIDDHARTH GROUP OF INSTITUTIONS:: PUTTUR
(AUTONOMOUS)**

Siddharth Nagar, Narayanavanam Road – 517583

QUESTION BANK (DESCRIPTIVE)

Subject with Code: MEFA(16MB750)

Course & Branch: B.Tech - AG

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

Regulation: R16

**UNIT –I
INTRODUCTION TO MANAGERIAL ECONOMICS**

1	Define managerial economics. Illustrate how it helps in solving managerial problems and explain the nature	[L2][CO1]	[12M]
2	What is Managerial Economics? Define the scope of Managerial Economics	[L1][CO1]	[12M]
3	List out the contemporary importance of Managerial Economics	[L1][CO1]	[12M]
4	What is the main area of Managerial Economics in decision making?	[L1][CO1]	[12M]
5	What do you mean by elasticity of demand? Explain different types of elasticity of demand.	[L2][CO1]	[12M]
6	What is Law of Demand? What are its assumptions?	[L1][CO1]	[12M]
7	What is meant by elasticity of demand? How do you measure it?	[L3][CO1]	[12M]
8	What is Elasticity of demand and its types of Elasticity of Demand	[L1][CO1]	[12M]
9	Define the term Demand? List out and explain the determinants of demand?	[L1][CO1]	[12M]
10	What do you mean by demand forecasting? Explain various demand forecasting techniques.	[L1][CO1]	[12M]

UNIT –II
THEORY OF PRODUCTION AND COST ANALYSIS

1	Define production function and explain it.	[L1][CO2]	[12M]												
2	Define and explain isoquants and isocost What are its properties?	[L1][CO2]	[12M]												
3	Explain the production function with reference to Law of variable proportions and substitutability of factors.	[L1][CO2]	[12M]												
4	Define 'Cost'. How are costs classified? Explain any five important cost concepts useful for managerial decisions.	[L1][CO2]	[12M]												
5	Define Break-even point with graph and state the assumptions.	[L1][CO2]	[12M]												
6	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]												
7	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.	[L4][CO2]	[12M]												
	<table border="1" 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		
	Year 1(in Rs.)	Year 2(in Rs.)													
Sales	50000	120000													
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8	What are the limitations and uses of Break-even analysis chart.	[L1][CO2]	[12M]												
9	Define economics of scales and diseconomies of scales	[L1][CO2]	[12M]												
10	a) Write a short notes on MRTS b) Briefly explain about least cost combination of inputs	[L1][CO2]	[12M]												

UNIT –III
INTRODUCTION TO MARKETS AND NEW ECONOMIC ENVIRONMENT

1	Explain perfect competition in market structure and its features of perfect competition	[L1][CO3]	[12M]
2	What is market structure? Explain the types of market structure	[L4][CO3]	[12M]
3	Distinguish between monopoly and perfect competition.	[L1][CO3]	[12M]
4	Define Oligopoly and state the features.	[L1][CO3]	[12M]
5	What is pricing? Explain different methods of pricing.	[L1][CO3]	[12M]
6	Define a Monopoly market? How the Price-Output determination is made under Monopoly Markets? Explain with a diagram.	[L1][CO3]	[12M]
7	What is Imperfect Competition? Describe its features.	[L1][CO3]	[12M]
8	Write a short notes on new economic environment	[L2][CO3]	[12M]
9	What is meant by economic liberalization, economic privatization and globalization	[L1][CO3]	[12M]
10	a) Explain Market Skimming Pricing..	[L1][CO3]	[12M]
	b) Explain market penetration pricing	[L1][CO3]	[12M]

UNIT –IV
CAPITAL AND CAPITAL BUDGETING

1	Elucidate capital budgeting? Its significance.	[L1][CO4]	[12M]																								
2	Explain briefly Net Present Value technique of capital budgeting.	[L1][CO4]	[12M]																								
3	A) 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.	[L4][CO4]	[6M]																								
	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?	[L4][CO4]	[6M]																								
4	<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 style="text-align: center;">Machine X</th> <th style="text-align: center;">Machine Y</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Initial cost</td> <td style="text-align: center;">20,000</td> <td style="text-align: center;">20,000</td> </tr> <tr> <td style="text-align: center;">Net cash flow</td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">8,000</td> <td style="text-align: center;">12,000</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">12,000</td> <td style="text-align: center;">8,000</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">10,000</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;">7,000</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">7,000</td> <td style="text-align: center;">7,000</td> </tr> </tbody> </table> <p>Only one machine is needed, calculate: i) Pay Back Period ii) Accounting rate of Return</p>		Machine X	Machine Y	Initial cost	20,000	20,000	Net 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	[L4][CO4]	[12M]
	Machine X	Machine Y																									
Initial cost	20,000	20,000																									
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5	7,000	7,000																									
5	A)write a short notes of payback period	[L2][CO4]	[5M]																								
	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.	[L4][CO4]	[7M]																								
6	<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 style="text-align: center;">Year</th> <th style="text-align: center;">Project 1</th> <th style="text-align: center;">Project 2</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>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	[L4][CO4]	[5M]												
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																									
7	What is the importance of Capital budgeting and its limitations?	[L1][CO4]	[12M]																								
8	Define Accounting rate of return method	[L1][CO4]	[12M]																								
9	What is meant by working capital and working capital cycle?	[L1][CO4]	[12M]																								
10	What is capital budgeting? Explain the techniques of Capital Budgeting.	[L1][CO4]	[12M]																								

UNIT –V

INTRODUCTION TO FINANCIAL ACCOUNTING AND ANALYSIS

1	What is meant by Ratio analysis? Explain briefly about various types of ratios.	[L1][CO5]	[12M]
2	(A) write a short note on the following i) Liquidity ratio ii) Define Debt Collection Period.	[L1][CO5]	[6M]
	(B) A firm's sales during the year was 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 debtors turnover ratio of the firm. And also find out debt collection period.	[L4][CO5]	[6M]
3	Write a short note on Journal and Ledger with format.	[L1][CO5]	[12M]
4	A) Write short notes on Inventory turnover ratio B) 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 holding period	[L1][CO5]	[12M]
5	(A) Write a short note on the following (i) Activity ratio (ii) Profitability ratio (B) The Earnings Before Interest and Tax (EBIT) of a company is Rs.5,60,000. Its fixed commitments include payment of 10% on 7000 debentures of Rs.100 each. Calculate the Interest Coverage Ratio.	[L1][CO5]	[12M]
6	Journalise the following transactions of Mr.Ravi and post them in the ledger and balance the same. 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	[L1][CO5]	[12M]
7	A) Write short notes on debtors turnover ratio	[L1][CO5]	[6M]
	B) A firm sale during the year was Rs.4,00,000 of which 60% were on credit basis. The balance of debtor at the beginning and end of the year were 25000 and 15000 respectively calculate debtor turn over ration of the firm. Also find out debt collection period	[L4][CO5]	[6M]
8	A) Write about various types of accounts and their rules governing each account.	[L1][CO5]	[6M]
	B) Mention the advantages of double-entry book-keeping.	[L1][CO5]	[6M]
9	Journalize the following transactions in the books of Amrutha. 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	[L1][CO5]	[12M]

	25 Cash sales Rs. 3,500		
	26 Paid to Mohan on account Rs.3,000		
	31 Paid salaries Rs.2,800		
10	A) Write short notes on interest coverage ratio	[L1][CO5]	[6M]
	B) The earnings before interest and taxes (EBIT) of a company is Rs 5,60,000. Its fixed commitments include payment of 10 percent on debentures of Rs 100each.calaculate interest coverage ratio.	[L4][CO5]	[6M]

Prepared by:
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