



SIDDHARTH GROUP OF INSTITUTIONS :: PUTTUR
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QUESTION BANK DESCRIPTIVE

Subject with Code : MEFA(16MB750)

Course & Branch: BTech –ECE

Year & Sem: III-BTech & I-Sem

Regulation: R16

UNIT –I

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| 1. Define Managerial Economics. Explain the Nature of Managerial Economics | 10 M |
| 2. What is Managerial Economics? Define the scope of Managerial Economics? | 10 M |
| 3. What is Demand and what are factors governing of demand? | 10 M |
| 4. What is the main area of Managerial Economics in decision making? | 10 M |
| 5. What meant Demand and explain the types of Demand | 10 M |
| 6. Define the law of demand. What are their exceptions? | 10 M |
| 7. Define Elasticity of demand and Explain Measurement of Elasticity of Demand | 10 M |
| 8. What is Elasticity of demand and its types of Elasticity of Demand | 10 M |
| 9. What are the factors governing Elasticity of Demand | 10 M |
| 10. Short answer questions: | |
| a) Micro economics | 2 M |
| b) Elasticity of Demand | 2 M |
| c) Demand for casting | 2 M |
| d) Time Series Analysis | 2 M |
| e) Survey Methods | 2 M |

UNIT II

1. Define production function and explain it. 10 M
2. Explain Iso-quant and Iso-cost curves and state characteristics. 10 M
3. Explain 'Law of returns to scale'. 10 M
4. Define 'Cost'. How are costs classified? Explain any five important cost concepts useful for managerial decisions. 10 M
5. Define Break-even point with graph and state the assumptions. 10 M
6. A firm has Fixed Cost of Rs 10000/-, selling price per unit is Rs.5/- and variable cost per unit is Rs. 3/- 10 M
- (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
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. 10 M

	Year 1(in Rs.)	Year 2(in Rs.)
Sales	50000	120000
Fixed cost	10000	20000
Variable cost	30000	60000

8. What are the limitations and uses of Break-even analysis chart.? 10 M
9. Define economics of scales and diseconomies of scales 10 M
10. Short answer questions:
- a) Cobb-Douglas Production Function. 2 M
- b) MRTS 2 M
- c) Least cost production function 2 M
- d) Opportunity cost 2 M
- e) Short run production function 2 M

UNIT III

1. Explain how price is determined under perfect competition. 10 M
2. What is market? Explain the structure of market. 10 M
3. Distinguish between monopoly and perfect competition. 10 M
4. Define Oligopoly and state the features. 10 M
5. What are different methods of pricing followed by companies? 10 M
6. Explain the pricing strategies for a new product. 10 M
7. What is Perfect Competition? Describe its features. 10 M
8. Write short notes on new economic environment? 10 M
9. What is meant by economic liberalization, economic privatization and globalization 10 M
10. Short answer questions:
 - a) Monopolistic competition 2 M
 - b) Cost plus pricing 2 M
 - c) Skimming pricing 2 M
 - d) Characteristics of Monopoly. 2 M
 - e) Market Penetration 2 M

UNIT – IV

1. Explain the methods of capital budgeting. 10 M
2. Explain briefly Net Present Value technique of capital budgeting. 10 M
3. 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. 10 M
4. 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: 10 M

	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

5. The cost of the project is Rs.50,000. which has an expected life of five years. The cash inflow for the next five years are Rs.24,000, Rs.26,000, Rs.27,000 and Rs.16,000 respectively determine payback period. 10 M
6. 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: 10 M

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 with NPV Method

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| 7. What is the importance of Capital budgeting and its limitations? | 10 M |
| 8. Define Accounting rate of return method | 10 M |
| 9. What is meant by working capital and working capital cycle? | 10 M |
| 10. Write a short notes on | |
| a. Payback period | 2 M |
| b. Net present Value method | 2 M |
| c. Fixed capital | 2 M |
| d. Internal Rate of Return | 2 M |
| e. Working capital | 2 M |

UNIT- V

1. What is meant by Ratio analysis? Explain briefly about various types of ratios. 10 M
2. The particulars of incomes and expenses of a company are given hereunder, for the year ended 31st March, 2011. 10 M

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. Write a short note on Journal and Ledger with format. 10 M
4. A) Write short notes on Inventory turnover ratio 5M
- 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 5 M

5. Alpha Manufacturing Co. has drawn up the following Profit and Loss Account for the year ended 31st March, 2012. 10 M

Particulars	Rs.	Particulars	Rs
To Opening Stock	26,000	By Sales	1,60,000
To Purchases	80,000	By Closing Stock	38,000
To Wages	24,000		
To Manufacturing Expenses	16,000		
To Gross Profit c/d	52,000		
	198,000		1,98,000
To Selling and Distribution Exp.	4,000	By Gross Profit	52,000
To Administrative Exp.	22,800	Commission Received	4,800
To General Exp.	1,200		
To Value of furniture lost by Fire	800		
To Net Profit	28,000		
	56,800		56,800

You are required to find out :

- A) Gross Profit Ratio B) Net Profit Ratio C) Operating Ratio

6. Journalise the following transactions of Mr.Ravi and post them in the ledger and balance the same. 10 M

- 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

7. A) Write short notes on debtors turnover ratio 5M
- 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 5 M
8. A) Write about various types of accounts and their rules governing each account. 5 M
- B) Advantages of double-entry book-keeping. 5 M
9. Journalize the following transactions in the books of Amrutha. 10 M
- 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
10. Short answer questions:
- a. Journal 2 M
- b. Trial balance 2 M
- c. Balance sheet 2 M
- d. Types of accounts 2 M
- e. Double entry system 2 M