ARYA COLLEGE OF ENGINEERING

GUESS PAPER

(B. Tech. II Year III Semester 2025-26)

3CAI1-03: Managerial Economics and Financial Accounting

UNIT-1:

Short Answers: (2 Marks Each)

1. What is the meaning of Economics?
2. Define the nature of Economics. Is it a science or an art?
3. What do you understand by the scope of Economics?
4. Differentiate between deductive and inductive methods.
5. What is the difference between static and dynamic economics?
6. Explain the economic problem of scarcity.
7. What is meant by choice in Economics?
8. Define the circular flow of economic activity.
9. What is national income?
10. Explain GDP.
11. Name any two methods of measuring national income.
12. What is the basic economic problem faced by every economy?
13. State any two limitations in measuring national income.

Descriptive Answers: (5 to 20 Marks)
1. Explain the meaning, nature, and scope of Economics. Discuss how the definition of Economics has evolved from classical to modern economists.
2. Differentiate between the deductive and inductive methods of economic analysis. Explain their steps, merits, and demerits with suitable examples.
3. Describe the concepts of static and dynamic economics. How does dynamic analysis help in understanding real economic problems?
4. "Scarcity and choice are the central problems of every economy." Explain this statement in detail and show how different economic systems try to solve these problems.

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5. **What is the circular flow of economic activity? Explain the two-sector, three-sector, and four-sector models with neat diagrams.**
6. **Describe the steps involved in the estimation of National Income by income method. State any two precautions that must be taken while estimating national Income by.**
7. **Write the steps to calculate national income.**
8. **Define national income. Discuss the various concepts of national income (GDP, GNP, NNP, NI, PI, DI) and explain the methods of measuring national income.**

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UNIT-2

Short Answers :(2 Marks each)

1. Distinguish between demand curve and demand schedule.
2. What is demand in economics?
3. State any two types of demand.
4. Define demand function.
5. State the law of demand.
6. Write two determinants of demand.
7. What is meant by demand forecasting?
8. Define supply.
9. What is supply function?
10. State the law of supply.
11. What is elasticity of supply?
12. Write two determinants of supply.
13. What is cross elasticity of demand?
14. Define income elasticity of demand.
15. What are Giffen goods and Veblen goods?
16. Draw graph to show   a) Perfectly Inelastic Demand   b) Perfectly Elastic Demand

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Descriptive Answers: (5 to 10 Marks):
1. What is meant by demand in economics? Elaborate the determinants of demand.
2. The price of tea per cup is decreased from Rs. 4 to Rs. 3 and the demand of coffee is increased from 2 cups per day to 4 cups per day. Calculate Cross Elasticity of Demand.
b) Mr. Gupta's income is raised from Rs. 10,000 to Rs. 15,000 and the demand for good A is raised from 500 to 600 units. Calculate Income Elasticity of Demand.
c) The demand of commodity X is raised from 200 to 250 units when price decreased from Rs. 8 to Rs. 6. Calculate Price Elasticity of Demand.
d) If the price rises of good A rises from Rs. 20 to Rs. 30. Its supply increases from 200 to 800 units. Calculate Elasticity of Supply.
3. Explain degrees of price elasticity of demand.
4. What is elasticity of demand? Explain the different types of elasticity of demand with examples and its measurement methods?
5. How does managerial economics apply demand forecasting in decision-making? Describe methods of demand forecasting.
6. What is elasticity of Supply? Explain the different types of elasticity of Supply with examples?
7. What do you mean by Supply also Explain Determinants of Supply?

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UNIT-3

Short Answers: (2 Marks Each)

1. **What is a production function?**
2. **Define the Law of Variable Proportions.**
3. **What do you mean by Isoquants?**
4. **Give two examples of fixed and variable costs.**
5. **Define opportunity cost.**
6. **What is the least-cost combination of inputs?**
7. **What are explicit costs?**
8. **What is meant by sunk cost?**
9. **Define cost curve.**
10. **What is marginal cost?**
11. **Give mathematical form of Cobb–Douglas production function.**

Descriptive Answers: (5 to 10 Marks):

1. **Explain the Law of Variable Proportions with a diagram and its stages.**

2. **Discuss the Laws of Returns to Scale. Provide suitable graphs.**

3. **Explain Isoquants and Iso-cost lines. How is the producer's equilibrium achieved?**

4. **Describe different types of costs: explicit, implicit, fixed, variable, sunk, opportunity cost. Differentiate among all types.**

5. **Given TFC = ₹40, find the values of TVC, AC, AFC, and MC based on the following table:**

Q	0	1	2	3	4	5	6	7
TC	40	52	59	64	70	78	89	103

6. **Explain the concept of economies and diseconomies of scale.**

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3CAI1-03: <u>**Managerial Economics and Financial Accounting**</u>

<mark>UNIT- 4</mark>

<mark><u>**Short Answers: (2 Marks Each)**</u></mark>

1. **What is perfect competition?**
2. **Define monopoly.**
3. **What is oligopoly?**
4. **Give two features of monopolistic competition.**
5. **What is AR and MR?**
6. **What is product differentiation?**
7. **What is the kinked demand curve?**
8. **State any two features of monopoly market.**
9. **What is price discrimination?**

<u>**Descriptive Answers: (5 to 10 Marks):**</u>

1. **a) Why is the demand curve of a firm under monopolistic competition more elastic than under monopoly? Explain.** **b) Explain 'freedom of entry and exit to firms in industry' feature of monopolistic competition.**
2. **Explain how price and output are determined under perfect competition in the short run and long run. Use diagrams to illustrate?**
3. **How are price and output determined under monopoly? Explain using a demand and marginal revenue diagram?**
4. **How is price and output determined under monopolistic competition in the short run and long run? Discuss with suitable diagrams?**
5. **Discuss the price and output determination under oligopoly. Explain using the kinked demand curve theory?**
6. **Difference between Types of Market?**

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3CAI1-03: Managerial Economics and Financial Accounting

Short Answers: (2 Marks Each):

1.	Define financial statement analysis?
2.	What is pay-back period?
3.	What is profitability ratio?
4.	Explain the meaning of Financial Statement Analysis? Also state the objectives?
5.	Give brief answer of the following Questions on Balance Sheet: a) On balance sheet, accruals, notes payable, and accounts payable are listed under which category? b) Inventories, cash and equivalents, and accounts receivables are listed as? c) A firm buys products but does not pay to suppliers instantly. This is recorded as? d) In a balance sheet, the total of common stock and retained earnings are denoted as?
6.	Explain following ratios: (Formula is must) a) Liquidity Ratio b) Solvency Ratio
7.	Explain the component of Balance sheet?
8.	What do you understand by ratio analysis?
9.	What do you mean by NPV?

Descriptive
Answers: (5 to 10 Marks):

1.	Write short note on Cash Flow Analysis?(format)
2.	Write a short note on –Net Present Value (NPV) Method Proprietary Ratio Internal Rate of Return (IRR) Working Capital
3.	The Balance Sheet of Punjab Auto Limited as on 31-12-2002 was as follows:

Particulars	Rs.	Particulars	Rs.
Equity Share Capital	40,000	Plant & Machinery	24,000
Capital Reserve	8,000	Land & Building	40,000
8% Loan on Mortgage	32,000	Furniture & Fixtures	16,000
Creditors	16,000	Stock	12,000
Bank Overdraft	4,000	Debtors	12,000
Taxation:		Investments (short-term)	4,000
– Current	4,000	Cash-in-hand	12,000
– Future	4,000		
Profit & Loss A/c	12,000		

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Total	1,20,000	Total	1,20,000	

Requirement: From the above, compute:
(a) Current Ratio
(b) Quick Ratio
(c) Debt-Equity Ratio
(d) Proprietary Ratio

4. **What is ratio analysis? Explain the different categories of financial ratios (liquidity, profitability, solvency, and activity ratios) with suitable examples?**

5. **Define financial statement analysis. Explain its objectives and importance in business decision-making?**

6. **Explain different techniques of capital budgeting?**

7. **The following trading and profit & loss Account of Fantasy Ltd. for the year 31/3/2000 is given below:**

Particular	Rs.	Particular	Rs.
To opening stock	76,250	By sales	5,00,000
"Purchases	3,15,250	"Closing stock	98,500
"Carriage & Freight	2,000		
"Wages	5,000		
"Gross profit b/d	2,00,000		
	5,98,500		5,98,500
To Administrating expenses	1,01,000	By Gross profit b/d	2,00,000
"Selling & Dist. expenses	12,000	"Non-Operating incomes:	
"Non - operating expenses	2,000	"Interest on securities	1,500
"Financial Expenses	7,000	"Dividend profit on shares	3,750
Net profit c/d	84,000	"Profit on sales of shares	750
	2,06,000		2,06,000

Calculate:

Gross profit Ratio.

Expenses Ratio.

Operating Ratio.

Net Profit Ratio.

Stock turnover Ratio.