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18MR51

Fifth Semester B.E. Degree Examination, Feb./Mar. 2022 Management and Economics

Time: 3 hrs.

Max. Marks: 100

- Note : 1. Answer any FIVE full questions, choosing ONE full question from each module.
2. Use of Interest Table is permitted.

Module-1

- 1 a. Define Management. List and explain the various functions of Management. (08 Marks)
b. Explain characteristics and functional areas of Management. (12 Marks)

OR

- 2 a. Define Planning. List and explain importance and purpose of Planning process. (10 Marks)
b. What is Decision Making? Explain the various steps in decision making process, with a block diagram. (10 Marks)

Module-2

- 3 a. Define Organization. List and explain the principles of Organization. (10 Marks)
b. Discuss the three types of Leadership styles with their advantages and disadvantages. (10 Marks)

OR

- 4 a. List the different types of Organization and explain
i) Functional Organisation ii) Line and Staff Organisation. (10 Marks)
b. Define Motivation. Explain any two theories of Human Motivation. (10 Marks)

Module-3

- 5 a. State and explain the Law of Supply, Law of Demand and Law of Returns, mentioning the factors influencing it. (10 Marks)
b. Differentiate between Macro and Micro Economics with examples. (05 Marks)
c. A person borrow Rs 1,000 on loan at a simple interest rate of 10% per annum for 8 years. What will be the compound interest rate if he has to pay the same amount after 5 years? (05 Marks)

OR

- 6 a. With a neat sketch, explain problem solving and decision making process. How are the decision taken? (08 Marks)
b. The rights to a patent have been sold under an agreement in which annual year end payments of Rs 100,000 are to be made for the next 10 years. What is the future sum of this annuity? What is the present worth of the annuity at an interest rate of 7 percent? (06 Marks)
c. Find the effective rate of interest for an actual rate of interest of 10% when compounded :
i) Yearly ii) Biannually iii) Quarterly iv) Monthly v) Daily vi) Hourly. (06 Marks)

Module-4

- 7 a. List and explain the conditions for present worth comparisons. (08 Marks)

- b. A publishing house wants to purchase an offset printing press. Three dealers have responded to the tender called whose particulars are given in the table. Determine the best alternative based on the Annual Equivalent method by assuming $i = 12\%$ compounded annually.

Manufacturer	Down payment (Rs)	Yearly equal installment (Rs)	Salvage value (Rs)	Number of years of payment and life
X	8,00,000	2,25,000	0	10
Y	7,00,000	2,00,000	0	10
Z	5,00,000	2,50,000	0	10

(12 Marks)

OR

- 8 a. Define the following terms : i) MARR ii) IRR iii) ERR iv) Service life v) Accounting life. (10 Marks)
- b. A Company needs a mini – bus to bring its employees to work and take them home. It has two alternatives
- To rent a vehicle for a payment of Rs 3 lakhs per year for the next 5 years.
 - To buy a second hand vehicle for Rs 3 lakhs with an operating and maintenance cost of Rs 2 lakhs per year. The salvage value of the vehicle after the five year would be about 1 lakh.

Select the best alternative based on present worth method for comparison using an interest rate of 15% compounded annually. (10 Marks)

Module-5

- 9 a. Explain how selling price of product are fixed. (06 Marks)
- b. A CNC machine costing Rs 22,00,000 is estimated to serve for 5 years after which its salvage value is estimated to be Rs 2,00,000. Find
- Depreciation during third year by Fixed Percentage Method.
 - Book value of the machine after two years by sum of years Digits Method. (06 Marks)
- c. List and explain any four methods of Depreciation. (08 Marks)

OR

- 10 a. What is Depreciation? Discuss the various causes of depreciation. (06 Marks)
- b. A device is purchased for Rs 1,000 and has no salvage value. It is expected to serve for 5 years. Calculate the book value by sum of years Digit method and Double Declining Balance method. (08 Marks)
- c. MICO factory produces 500 Spark plugs a day involving direct material costs of Rs 40,000 , direct labour cost of Rs 35,000 and factory overheads of Rs 10,000. Assuming a profit of 15% of the selling price and selling overheads to be 30% of the factory cost. Calculate the selling price of the One Spark plug. (06 Marks)

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