

POKHARA UNIVERSITY

Level: Bachelor

Semester: Spring

Year: 2025

Programme: BBA/BBA-BI

Full Marks: 100

Course: Basics of Managerial Accounting

Pass Marks: 45

Time: 3 hrs.

Candidates are required to answer in their own words as far as practicable. The figures in the margin indicate full marks.

Section “A”

Very Short Answer Questions

Attempt all the questions. [10×2]

1. Define Management Accounting.
2. Define relevant and irrelevant cost with example.
3. Define product cost and period cost.
4. What do you understand by margin of safety sales? Explain with example.
5. Write any two assumptions of break-even analysis.
6. Star Company provide following information.

Production units	10000	40000
Maintenance cost	20000	60000

Required: segregation of cost into variable and fixed.

7. A manufacturing company provides the following information for 10,000 units. Total manufacturing cost Rs 20,00,000. Expected profit Rs 2,00,000.

Required: Mark up % under total manufacturing cost base.

8. The standard material requires for manufacturing one unit of product X is 10 kg @ Rs 6 per kg. the cost accountant reveals that 22,000 kg of raw material costing Rs 1,43,000 were used for producing 2,000 units of product X.

Required: Material cost variance

9. Net Profit reported by the absorption costing is Rs. 30,000. Normal fixed overhead at normal output 10,000 units equal to Rs 50,000. Closing stock units exceeds by 2,000 units during the year than that of opening stock.
10. ABC ltd provides following information:

Profit Rs.60000

Contribution margin 22%

Required: Amount of sale and variable cost.

Section “B”

Descriptive Answer Questions

Attempt **any six** questions. [6×10]

11. Management accounting provides information to the managers for planning, controlling and making decisions within the organization. Explain the statement with illustrations.

12. The Biratnagar Company has provided the following data for the year 2024

Particulars	Units
Production	17000
Sales units	18000
Normal production capacity	16000
Ending inventory	2000

Cost and other information during the periods are as follows:

Direct material cost per unit	Rs.14
Direct labour cost per unit	Rs. 6
Variable factory overheads per unit	Rs. 5

Budgeted fixed factory overhead is amounting to Rs.1,28,000, selling price Rs.55 per unit, variable selling cost Rs. 5 per unit and fixed selling and distribution expenses is amounting to Rs.55000.

Required:

- Prepare Income statements based on absorption costing. [6]
- Reconciliation Statement. [2]
- What are the reasons for reporting the different in profit by the income statement under Variable and absorption costing? [2]

13. KTM manufacturing company produced and sold 5,000 jackets during the year and average selling price of Rs. 1,800 per unit. Variable manufacturing cost were Rs.600 per unit and variable marketing cost were Rs. 400 per unit sold. Fixed cost amounted to Rs.12,00,000 for manufacturing and Rs. 800,000 for marketing and selling activities.

Required:

- Compute BEP in sales in units and Rs.
- Compute the number of sales units required to earn a net income of Rs. 150,000 during the year.
- Compute the Sales in Rs if profit 10% on sales.
- If variable manufacturing cost is expected to increase by 25% in the coming year. Compute the new BEP in sales revenue.

14. The company has a normal capacity of 75,000 direct labor hours. The production and sales

Regular sales in unit	3,00,000 units
Cost of production per unit:	
Direct material	Rs.40
Direct labor 0.2 hours	Rs.20
Manufacturing overheads 0.2 DLH	Rs.30
Total cost per unit	Rs.90
Selling price per unit	Rs.120
Budgeted fixed overhead at present capacity	Rs.4,50,000

The company received an offer to supply 90,000 units at a price of Rs.80 per unit.

Required:

- a. Statement showing a differential analysis to decide whether the company should or should not accept the offer.
- b. The opportunity cost of the offer if the company accept the offer.

15. A manufacturing company produces three standard products viz. X, Y and Z. The operating results for the last year ending December 31st are presented below in an income statement.

Details	Products			Total
	X	Y	Z	
Sales in units	10,000	10,000	5,000	25,000
Sales Revenue in Rs	2,00,000	2,00,000	1,00,000	5,00,000
Less: Cost of goods sold:				
Fixed Mfg. OHS	40,000	40,000	30,000	1,10,000
Variable Mfg. OHS	80,000	80,000	40,000	2,00,000
Total	1,20,000	1,20,000	70,000	3,10,000
Gross margin	80,000	80,000	30,000	1,90,000
Less, non-mfg. Costs:				
Variable	30,000	30,000	15,000	75,000
Fixed	30,000	30,000	30,000	90,000
Total	60,000	60,000	45,000	1,65,000
Net income before Tax	20,000	20,000	(15,000)	25,000

The operating result shows product Z have suffered losses for years therefore the management is seriously thinking to discontinue the product Z from its production line. If it does so, it will be able to reduce the fixed manufacturing overheads by Rs 10,000 as depreciation of equipment used in production of product Z.

Required: Should the company discontinue the product Z?

16. A Company has decided to do variance analysis of overhead. Because of the diverse nature of expenses in an organization, several approaches have been used to develop the fixed and variable component of each expense, which are as follows:

- a. The direct material and direct labour cost per unit for the output are Rs.3 and Rs.2 respectively.
- b. Least Square Analysis of monthly expenses rate for various expenses are:
 - i. Supervision: $Y = 10,000 + \text{Rs.}1.5 X$
 - ii. Depreciation: $Y = \text{Rs.}50,000 + 0 X$

- iii. Power Expenses: $Y = 12,000 + 0.5 X$
- c. Indirect Supplies are Rs.20,000, of which 60% variable.
- d. Insurance expenses are estimated to be of Rs.20,000.

All above information is estimation for the coming month for output of 20,000 units, other information are:

- i. Normal Capacity = 50,000 DLH
- ii. each unit requires 2 DLH
- iii. Actual hours paid = 42,000 hours
- iv. Actual overhead rate = Rs.5

Required:

- a. Fixed and Variable Cost. [5]
- b. Overhead Costs for 18,000 units. [2]
- c. Overhead Three Variances. [3]

17. What are the different types of responsibility centers? Explain with suitable example.

Section "C"
Case Analysis

18. *Read the case situation given below and answer the questions that follow:* [20]

The budget officer of a Boniv Company is preparing various budgets for three months commencing from Baisakh and has assembled the following data:

Assets and liabilities 31st Chaitra, last year

	Liabilities (Rs)	Assets (Rs)
Accounts payable	280,000	
Accrued operating expenses	80,000	
Loan on mortgage	492,000	
Shareholders' equity	400,000	
Cash balance		100,000
Inventory		560,000
Accounts receivable		392,000
Fixed assets		200,000
Total	1252,000	1252,000

Gross profit averages 30 percent of sales. The company has a policy of maintaining sufficient inventory to meet the following month's sales. Experience has shown all of the purchases are paid in the month following purchase. The actual and budgeted sales for different months are as under:

Months	Sales (Rs)
Falgun (Actual)	720,000
Chaitra (Actual)	800,000
Baisakh (Budgeted)	800,000
Jestha (Budgeted)	720,000
Ashad (Budgeted)	640,000
Shrawan (Budgeted)	760,000

60% of the sales are collected in the month of sale, 30% in the next month and the remaining 10% in two months. Operating expenses are 10% of gross sales, which are payable after one month. And selling and distribution expenses are 5% of gross sales which are payable when they become due. With an expansion purpose, the company is going to purchase a machine in Baisakh costing Rs 200,000 and paid equally in jestha and ashad. Depreciation rate of fixed assets is 10% p.a. The Company keeps minimum cash balance of Rs 100,000. Cash deficiencies are made up by soft bank loans that are received and repaid at 5,000 multiply the earliest available opportunity with interest rate 12% p.a.

Required:

- Merchandise purchase budget. [4]
- Cash Collection and disbursement budget. [10]
- Budgeted income statement. [3]
- Budgeted balance sheet. [3]

POKHARA UNIVERSITY

Level: Bachelor

Semester: Spring

Year: 2025

Programme: BBA/BBA-BI/BBA-TT/BCIS

Full Marks: 100

Course: Business Statistics

Pass Marks: 45

Time: 3 hrs.

Candidates are required to answer in their own words as far as practicable. The figures in the margin indicate full marks.

Section "A"

Very Short Answer Questions

Attempt all the questions. [10×2]

1. What are the limitations of statistics?
2. Define the importance of sampling.
3. A box contains 3 black, 4 red and 6 yellow balls. What will be the probability of getting all different colored balls if 3 balls are drawn randomly?
4. What are the two-information obtained from stem and leaf display?
5. State any four characteristics of binomial distribution.
6. For moderately asymmetrical distribution, the arithmetic mean = 28 and the median = 25. Find the mode of this distribution.
7. In how many different ways can 3 of 20 laboratory assistants be chosen to assist with an experiment?
8. State type I and type II error.
9. Calculate the Gini coefficient from the following income distribution of 5 families, Rs. 1000, Rs.2000, Rs.5000, Rs.7000, Rs. 4000
10. What are the parameters of a normal distribution and a t-distribution?

Section "B"

Descriptive Answer Questions

Attempt **any six** questions. [6×10]

11. a. Differentiate between primary data and secondary data.
b. Present the following data by means of histogram and draw frequency polygon and frequency curve. Also locate the median.

Marks:	10-20	20-30	30-40	40-50	50-60
Number of students:	20	25	30	8	4

12. a. Following measures are the height of all the students in BBA third semester in a college. The values, in cm, are given below.

154, 180, 176, 153, 162, 165, 154, 186,
190, 187, 176, 176, 172, 182, 177, 169

Represent the data in stem and leaf display and mention the information you depict.

b. An analysis of monthly wages paid to the workers in two firms A and B belonging to the same industry gives the following results:

	Firm A	Firm B
No. of workers	600	700
Average monthly wage	Rs. 182	Rs. 178.5
Variance of Distribution	78	98

i. Which firm A or B has a larger bill?
 ii. In which Firm A or B is there greater heterogeneity in individual wage?

13. a. In a group of equal number of men and women, 80% men and 95% women are employed in a certain town. A person is selected at random and found to be employed. What is the probability that he/she is,

i. Woman?
 ii. Man?

b. In a factory producing portable radio, there are three machines producing 1000, 2000 and 3000 radios per hour respectively. These machines produce 1%, 2% and 1% defective radios respectively. One radio is selected at random from these machines and found to be defective. What is the probability that this radio is produced from the first machine?

14. a. Forty five percent of the Nepalese have been gone abroad for education purpose. If in a sample of six Nepalese who have gone abroad, what is the probability that-

i. Three are for education purpose
 ii. All are for other purpose
 iii. At least one for education purpose

b. A random variable X has the following probability distribution.

Values of x	-2	-1	0	1	2	3
P(x)	0.1	k	0.2	2k	0.3	k

Find the value of K and calculate mean and S.D. of the distribution.

15. a. The customer accounts of a certain departmental store have an average balance of Rs. 120 and a standard deviation of Rs. 40. Assume that the account balances are normally distributed.

i. What proportion of the accounts is over Rs. 150?
 ii. What proportion of the account is between Rs. 100 and Rs. 150?
 iii. What proportion of the account is below 80?

b. A manufacturer of pins knows that on an average 2% in production is defective. He sells pins in boxes of 100 and guarantee that not more than two pins will be defective. What is the probability that a box randomly selected,

i. Will meet guaranteed quality?

ii. Will not meet the guaranteed quality?

16. a. A random sample of 100 families from community A and a random sample of 150 families from community B yield the following data on length of residence in current homes. Do these data provide sufficient evidence to indicate that, on the average, families in community A have been living on their current homes for less than families in community B have?

Let $\alpha = 0.05$

Community A: $\bar{X}_1 = 33$ months $s_1^2 = 900$

Community B: $\bar{X}_2 = 49$ months $s_2^2 = 1050$

b. The quality control manager at light bulb factory needs to estimate the mean life of a large shipment of light bulbs. The process standard deviation is known to be 100 hours. A random sample of 64 light bulb indicated mean life of 350 hours. Set up 95% confidence interval estimate of the true population mean life of light bulb.

17. A test was administered to 5 persons before and after they were trained. The result is given below:

Candidates	1	2	3	4	5
Marks before training	110	120	123	132	125
Marks after training	120	118	125	136	121

Test whether there is any change in marks after the training program.

Section “C” Case Analysis

18. *Read the case situation given below and answer the questions that follow: [20]*

A bank manager has developed a new system to reduce the time customers spend waiting to be served by tellers during peak business hours. Typical waiting times during peak business hours under the current system are roughly 9 to 10 minutes. The bank manager hopes that the new system will lower typical waiting times to less than six minutes and wishes to evaluate the new system. When the new system is operating consistently over time, the bank manager decides to select a sample of 15 customers that need teller service during peak business hours. Specifically, for each of 15 peak business hours, the first customer that start waiting for teller service at or after a randomly selected time during the hour will be chosen. When each customer is chosen, the number of minutes the customer spends waiting for teller service is recorded. The 15 waiting times that are observed are given below:

1.6, 6.2, 3.2, 5.6, 7.9, 6.1, 7.2, 6.6, 5.4, 6.5, 4.4, 1.1, 3.8, 7.3, 5.6

Using above data

a. Compute mean and median waiting time of the customers.

- b. Compute inter quartile range, variance and coefficient of variation of the data.
- c. Using the answer from (a), is manager successful in reducing the waiting time?
- d. Draw a box and whisker plot for the above give data. Are the data skewed?
- e. Using 5% level of significance test whether the population waiting time is lower than 6 minutes?

POKHARA UNIVERSITY

Level: Bachelor

Semester: Spring

Year: 2025

Programme: BBA/BBA-BI/BBA-TT

Full Marks: 100

Course: Essentials of Finance

Pass Marks: 45

Time: 3 hrs.

Candidates are required to answer in their own words as far as practicable. The figures in the margin indicate full marks.

Section "A"

Very Short Answer Questions

Attempt all the questions. [10×2]

1. List out the major functions of financial manager.
2. Why the interest rate on T-bond is less than corporate bond?
3. A rupee hand in today is more worth than a rupee received in future. Why?
4. What do you mean by portfolio? Why is it formed?
5. Write the advantages of NPV method.
6. What are systematic and unsystematic risks?
7. Define the term Du-Pont identity.
8. An investor purchased share at Rs.400 and sold at Rs.440 at the end of year, what should be the capital gain yield.
9. A stock has a beta of 1.5, the market risk premium is 6 percent, and the risk-free rate is 5 percent. What must be the expected return on this stock?
10. The face value of pure discount bond is Rs.1000 and issued for 5 years what should be the price be if investors required rate of return is 12 percent?

Section "B"

Descriptive Answer Questions

Attempt **any six** questions. [6×10]

11. What do you mean by financial management? Why do companies prefer wealth maximization goals compared to profit maximization goals?
12. The yield on 1-year security today is 9 percent and that on 2-year and 3-year security are 13% and 15% respectively. The real risk-free rate of interest is 3.5%. if pure expectation theory holds true,
 - a. What is the one-year implied interest rate expected in year two and year three?
 - b. What is the implied rate of inflation in year one, two and three?
 - c. Why is one year interest rate expected in year 3 higher than that of 3 years securities? Explain.
13. The following information is given below:

Sales Revenue	Rs.2,500,000	Interest Expense	Rs. 50,000
Cost of goods sold	1,500,000	Income Tax Expense	100,000
Operating expenses	400,000	Current Assets	600,000

Current Liabilities	400,000	Inventory	200,000
Long-term Debt	800,000	Accounts Receivable	250,000
Shareholders' Equity	1,200,000	Cash and Cash Equivalents	150,000
Total Assets	2,400,000		

Calculate:

- a) Current Ratio
- b) Quick Ratio
- c) Inventory Turnover Ratio
- d) Accounts Receivable Turnover Ratio
- e) Gross Profit Margin
- f) Operating Profit Margin
- g) Net Profit Margin
- h) Debt-to-equity Ratio
- i) Return on Assets
- j) Return on Equity

14. Following are the probability distribution and rates of return associated with stock P and Q.

Probability	Stock P	Stock Q
0.2	10%	8%
0.3	25	26%
0.5	30%	28%

- a. What do you understand about return and risk?
- b. Calculate the expected return and standard deviation of each stock.
- c. Calculate coefficient of variation for each stock.
- d. Which stock will you prefer for investment and why?

15. Assume that it is now January 1, 2020. On January 1, 2021, you will Deposit Rs 100,000 into a saving account that pays 10 percent.

- a. If the bank compounded interest annually, how much will you have in your account on January 1, 2024?
- b. What would your January 1, 2024 balance be if the bank used quarterly compounding rather than annual compounding?
- c. Suppose you deposit the Rs 100,000 in 4 payments of Rs 25,000 each on January 1 of 2020, 2021, 2022 and 2023. How much would you have in your account on January 1, 2024, based on 10 percent annual compounding?
- d. Suppose you deposit the Rs 100,000 in 4 payments of Rs 25,000 each on January 1 of 2021, 2022, 2023 and 2024. How much would you have in your account on January 1, 2024?

16. Govind Automobile Company is experiencing a period of rapid growth. Earnings and dividends are expected to grow at a rate of 20 percent during the next two years, at 15 percent in the third year, and at a constant rate of 6 percent thereafter. Govind Automobile's last dividend was Rs 4 and the required rate of return is 12 percent.

Required:

- a. Calculate the value of stock today.
- b. Calculate the expected stock price in year 1 and 2.
- c. Calculate the dividend yield and capital gain yield for year 1.

17. SB Company has a target capital structure of 25 percent debt, 15 percent preferred stock and 60 percent common stock. The company's tax rate is 40 percent and investors expected earnings and dividends to grow at a constant rate of 9 percent in the future. The company paid dividend of Rs 3.60 per share (D_0), and its stock currently sells at a price of Rs 60 per share. These terms would apply to new security offerings:

Preferred: New preferred stock could be sold to the public at a price of Rs 100 per share, with a dividend of Rs 11, flotation costs of Rs 5 per share would be incurred.

Debt: Debt could be sold at an annual interest rate of 12 percent.

Required:

- a. Find the component costs of debt, preferred stock and common stock.
- b. What is the company's WACC?

Section "C"

Case Analysis

18. *Read the case situation given below and answer the questions that follow:*
You have been asked by the president of your company to evaluate the proposed acquisition of a new spectrometer for the firm's R&D department. The equipment's basic price is Rs. 70,000 and it would cost another Rs. 15,000 to modify it for special use by your firm. The spectrometer, which falls into the MACRS 3-year class, would be sold after 3 years for Rs. 30,000. Use of the equipment would require an increase in net working capital of Rs. 4,000. The spectrometer would have no effect on revenues, but it is expected to save firm Rs. 25,000 per year in before tax operating costs, mainly labor. The firm's marginal tax rate is 40 percent.

- a. What is the net cost of the spectrometer and initial cash outlay? [4]
- b. Calculate the annual depreciation of the equipment. [4]
- c. What are the net operating cash flows in year 1, 2, and 3? [6]
- d. What are the additional cash flows in year-3? [2]
- e. If the project's cost of capital is 10 percent, should the spectrometer be purchased? [4]

POKHARA UNIVERSITY

Level: Bachelor

Semester: Spring

Year: 2025

Programme: BBA/BBA-BI/BBA-TT/BCIS/BHCM

Full Marks: 100

Course: Introductory Macroeconomics

Pass Marks: 45

Time: 3 hrs.

Candidates are required to answer in their own words as far as practicable. The figures in the margin indicate full marks.

Section “A”

Very Short Answer Questions

Attempt all the questions. [10×2]

1. Mention objectives of macroeconomic goals.
2. Write leakages and injections in four sector economy.
3. Write Say's law of market.
4. Prove $mpc + mps = 1$
5. Define LM curve
6. What is inflationary gap?
7. Write phases of business cycle.
8. What is simple multiplier?
9. Find out value of GDP deflator if real GDP = 115 million and nominal GDP = 105 million.
10. If $mpc = 0.6$ find tax multiplier.

Section “B”

Descriptive Answer Questions

Attempt **any six** questions. [6×10]

11. Define Macroeconomics. Explain the types of macroeconomics.
12. Construct a diagram of circular flow of income and expenditure in Four sector economy. What are the leakage and Injections in the circular flow of income and expenditure?
13. What is effective demand? How it is determined?
14. Define consumption. Explain the psychological law of consumption.
15. The following data are given for an economy:
 $C = 50 + 0.75(Y-T)$, $T = 80 + 0.2Y$, $I = 200 - 2000i$, $G = \text{Rs } 100 \text{ million}$,
 $M_s = 200 \text{ million}$, $M_t = 0.2Y$, $M_{sp} = 100 - 2500i$
 - a. Find IS and LM functions.
 - b. Find the equilibrium income and interest rate.
 - c. What will be the impact of level of income and rate of interest, when government expenditure increases by Rs. 200 million and tax rate decreases to 10%?
16. Briefly explain the phases and effects of trade cycle.

17. Explain the significance of monetary policy in developing countries like Nepal.

Section "C"
Case Analysis

18. *Read the case situation given below and answer the questions that follow: [20]*

The Historical Performance of the Us Economy

Economists use many types of data to measure the performance of an economy. Three macroeconomics variables are especially important: real gross domestic product (GDP), the inflation rate and the unemployment rate. Real GDP measure the total income of everyone in the economy (adjusted for the level of prices). The inflation rate measures how fast prices are rising. The unemployment rate measure the fraction of the labor force that is out of work. Macroeconomics study how these variables are determined, why they change over a time and how they interact with one another.

The real GDP in USA: two aspects of real GDP are noteworthy. First, real GDP grows over time. Real GDP per person today is about eight times higher than it was in 1900. this growth in average income allows us to enjoy a much higher standard of living than our great grandparents did. Second, although real GDP rises in most years, this growth is not steady. There are repeated periods during which real GDP falls, the most dramatic instance being the early 1930s. Such periods are called recessions if they are mild and depressions if they are more severe. Not surprisingly, periods of declining are associated with substantial economic hardship.

Inflation in USA: Inflation varies substantially over time. in the first half of the twentieth century, the inflation rate averaged only slightly above zero. Periods of falling prices, called deflation, were almost as common as periods of rising prices. By contrast, inflation has been the norm during the past half century. Inflation became most severe during the late 1970s, when prices rose at a rate of almost 10 percentage per year.

In recent years, the inflation rate has been about 2 or 3 percentage per year, indicating that prices have been fairly stable.

The US unemployment rate: there is always some unemployment in the economy. In addition, although the unemployment rate has no long-term trend, it varies substantially from year to year. Recession and depression are associated with unusually high unemployment. The highest rates of unemployment were reached during the great depression of the 1930s. the worst economic downturn since the great depression occurred in the aftermath of the financial crisis of 2008-2009, when unemployment rose substantially. These three evidences offer a glimpse at the history of the US economy.

Questions:

- a. What is real GDP? How is it computed?
- b. What is economic recession? Write its characteristics.
- c. Differentiate between inflation and deflation. Explain the role of monetary authority to maintain price stability in the country.
- d. Define unemployment. What are the causes of unemployment?
- e. Overview the US economy from 1900 AD to the date.

POKHARA UNIVERSITY

Level: Bachelor

Semester: Spring

Year: 2025

Programme: BBA/BBA-BI/BBA-TT/BCIS/BHCM

Full Marks: 100

Course: Introductory Microeconomics (Old)

Pass Marks: 45

Time: 3 hrs.

Candidates are required to answer in their own words as far as practicable. The figures in the margin indicate full marks.

Section "A"

Very Short Answer Questions

Attempt all the questions. [10×2]

1. Why micro economics is called slicing method?
2. Why indifference curve is convex to origin?
3. How can you classify goods by looking coefficient of income elasticity of demand?
4. Let the production function $Q = 150 K^{0.7} L^{0.4}$. Which returns to scale indicate by this production function?
5. Define Diminishing Marginal Rate of Technical Substitution (DMRTS).
6. Why LAC curve is also called planning curve?
7. Why average and marginal revenue curve are downward sloping in imperfect market?
8. What is opportunity cost in economics?
9. Why price is rigid in oligopoly market?
10. Why VMP_L curve slopes downward to the right?

Section "B"

Descriptive Answer Questions

Attempt **any six** questions. [6×10]

11. Explain the fundamental principal of micro economics.
12. What are the uses of income and cross elasticity of demand? Explain.
13. Separate substitution and income effect in the price effect.
14. Explain about the short-run production function.
15. Complete the following table and explain the relationship between AC and MC.

Output	TC	AFC	AVC	AC	MC
0	50				
1	80				
2	105				
3	127				
4	152				
5	182				
6	219				
7	266				
8	328				

16. Under perfect competition, the total revenue and total cost functions are;
 $TR = 10Q$ and $TC = 1000 + 2Q + 0.01 Q^2$
Determine the profit maximizing output and total profit.

17. How is factor price determined under perfect competition? Explain.

Section "C"

Case Analysis

18. *Read the case situation given below and answer the questions that follow: [20]*

Market structure refers to the selling environment in which a firm produces and sells its product. It is basically defined by number of firms, entry and exit, knowledge about market, nature of product, etc. Economist have derived four market models to represent all real world selling environments and used to describe how firms might behave under certain conditions.

Perfect competition is the market situations where large number of sellers and buyers interact with each other to make transactions of homogenous products with perfect substitutes. Monopoly is a market structure in which there is single seller, with no close substitutes for the commodity it produces. There are barriers to entry the new firms. Monopolistic competition signifies form of market in which there are many sellers of differentiated product with close substitutes. Oligopoly is a form of market environment in which a few sellers produce either homogenous or differentiated products. Under perfect competition both consumers and producers have perfect knowledge about market whereas there is imperfect knowledge in other market structures. Normally, firms have to face three conditions, i.e. excess profit, normal profit and loss in short run. But in long run, monopoly firm realizes excess profit whereas firm, under perfect and monopolistic competition realizes only normal profit.

Questions:

- a. Firms in all market structure may be compelled to realize loss in short run. Is it rational to stay in business with loss? Using graph, explain it with appropriate reasons.
- b. Firms under perfect competition obtain only normal profit in long run. Using graph, justify this statement with supportive reasons.
- c. Points out main differences between monopoly and monopolistic competition market.
- d. What are the causes of oligopoly market?

POKHARA UNIVERSITY

Level: Bachelor

Semester: Spring

Year: 2025

Programme: BBA/BBA-BI/BBA-TT/BCIS/BHCM

Full Marks: 100

Course: Principles of Marketing

Pass Marks: 45

Time: 3 hrs.

Candidates are required to answer in their own words as far as practicable. The figures in the margin indicate full marks.

Section “A”

Very Short Answer Questions

Attempt all the questions. [10×2]

1. Define Holistic Marketing Concept.
2. Give the meaning of Rural marketing.
3. Give the concept of E-Marketing.
4. List out the buying process of institutional buyer.
5. What is Marketing Information System?
6. Write down the reasons for segmenting the market.
7. Name any four internal factor that affect price of a product.
8. What is channel conflict?
9. Point out any four objectives of promotion.
10. List out essentials of good packaging.

Section “B”

Descriptive Answer Questions

Attempt **any six** questions. [6×10]

11. “In any Business Organization Customer is considered as a backbone for success”. Justify this statement with suitable examples.
12. What is marketing environment? Explain the component of internal environment and its impact on the operation of business.
13. What is marketing research? Explain its process.
14. What do you mean by consumer behavior. Differentiate between consumer buying and industrial buying.
15. ‘Price is the only source of revenue to any business organization, so it should be appropriate according to the nature and types of products.’ In the light of this statement explain the different pricing approaches with suitable example.
16. What is integrated marketing communication? Describe its role in promotion.
17. Give the meaning of sales promotion and explain its tools and technique to attract customers.

Section “C”
Case Analysis

18. *Read the case situation given below and answer the questions that follow: [20]*

CASE STUDY: MECHI HERBAL TEA

Mechi is a herbal tea. It is produced by Mechi Ayurved Company since 1984. The factory is located at ILAM in Eastern Nepal. The herb farming is done in the neighboring area of the factory.

Target Market: The target market for Mechi tea is foreign tourists and health conscious people. Total tourist arrival in Nepal is about 400,000 per annum. About 25% of Tourists come for trekking and mountaineering. A market survey commissioned by the company found that about 25% of hotels and restaurants serve herbal tea but none of them has listed Mechi Herbal tea on their menu. They prefer economy size tea packet of one kilo and tea bags. Customers demand Jasmine, Clove, Cardamom and Basil Flavours.

Competition: Well Indian Brands like Brooke Bond, Lipton, and Tata are available in tea bags; Jasmine tea imported from China and Thailand are available with attractive packaging but the price is high; A high priced Sehat Herbal Tea and Amboo Herbal Tea are also imported tea available in the market. Two more companies in Nepal are also planning to produce herbal tea.

Product: The product mix of Mechi Ayurved consists: General health product (Chyawanprash, Shilajit, Shaktiton, Himal and Mechi Herbal teas) and Ayurvedic Medicines (about 12 varieties). Mechi tea is available in three flavors (Lemon, mint and cinnamon) in a 150gm package but only mint and lemon flavored tea of 125gms, are exported. Export account for 80% sales.

Price: Mechi Ayurved uses markup method of pricing. The retail price per packet of Mechi tea is Rupees 60 for Nepalese Market and Rupees 160 for foreign Market.

Place: Mechi tea is distributed by the company to the retailers. The finished product is transported by Trucks from factory to its warehouse in Kathmandu. Material Handling is manual. Export marketing is done from Kathmandu.

Promotion: The Company provides 15% commission to retailers. In addition, it provides gift hampers too. The company advertises in local Newspapers but radio and television advertisement is not done. Tourist magazines are also not used for advertisement. The Company has not

launched any sales campaign. “Word of Mouth” has been the major tool for promotion

Questions:

- a. Identify the Strengths and Weakness of Mechi Tea. [5]
- b. What are the problems faced by Mechi Tea? Explain the reason behind it [5]
- c. Describe the competitive Environment of Mechi Tea. [5]
- d. Suggest a suitable Marketing Mix for Mechi Tea. [5]