

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
FY B.Com, Semester II, Supplementary Examination June 2023
Managerial Economics (CEC 102)
TRUNCATED SYLLABUS(2021-2022)

Duration: 2hrs

Max. Marks: 80

Instructions:

- 1) Start each question on a fresh page.
- 2) All questions are compulsory.
- 3) Figures to the right indicate maximum marks.
- 4) Answer sub-questions in Question No. 1 and Question No. 2 each in not more than 100 words.
- 5) Answer Questions No. 3 to Question No. 6 each in not more than 400 words.
- 6) Draw neat diagrams wherever necessary.

Q. 1. Write short notes on ANY FOUR of the following.

(4x4=16)

- a) Describe the concept of price discrimination?
- b) Identify Cost-Plus pricing?
- c) Explain the concept of penetration pricing.
- d) Identify the term profit forecasting.
- e) Discuss any two roles of Profit.
- f) Explain the concept of margin of safety.

Q. 2. Write short notes on ANY FOUR of the following.

(4x4=16)

- a) Discuss the need for capital budgeting.
- b) Identify any two factors influencing investment decisions.
- c) Explain any two approaches to determine the size of the Capital Budget.
- d) Discuss the concept of cost of retained earnings.
- e) Describe the essence of uncertainty in business decision-making.
- f) Explain any two sources of business risks.

Q. 3. A) Explain the general considerations of a pricing policy.

(12)

OR

Q. 3. B) Discuss the pricing strategies of Product Life Cycle based pricing.

(12)

Q. 4. A) Illustrate with the help of a suitable diagram the concept of Break-Even Analysis. Discuss its assumptions, uses, and limitations

(12)

OR

Q. 4. B) A laptop-producing company has the capacity to produce a maximum quantity of 60,000 laptops per month by incurring a cost of Rs.1200 per laptop. The variable cost per laptop is Rs.600 whereas the fixed cost is Rs.60,00,000 per month. Calculate break-even quantity, break-even sales, and break-even percentage of capacity

(12)

Q. 5.

A-i) Given in the following table are the initial investments and annual cash flow, calculate the payback period for each proposal. (5)

| | Initial investment | Annual cash flow | Payback period |
|------------|--------------------|------------------|----------------|
| Proposal 1 | 90,000 | 3,000 | |
| Proposal 2 | 7000 | 2000 | |
| Proposal 3 | 45,000 | 15,000 | |
| Proposal 4 | 30,000 | 5000 | |
| Proposal 5 | 6.50,000 | 50,000 | |

A-ii) A management wants to judge whether project ABC is worth taking up or not. The data with regard to this project (having 20 years of life) is given below. If the initial investment/outlay on the project is Rs.50,000 with a salvage value of Rs.7,000, find out the NPV of the project given the opportunity cost of investment at 10%. (7)

| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net benefits (Rs.) | 5000 | 8500 | 9600 | 11200 | 6400 | 5500 | 3000 | 4200 | 1000 | 2000 |
| Discount factor at 10% | 0.9091 | 0.8264 | 0.7513 | 0.6830 | 0.6209 | 0.5645 | 0.5132 | 0.4665 | 0.4241 | 0.3855 |

OR

Q. 5. B) Explain the problem and nature of Capital budgeting. (12)

Q. 6. A) Describe the working of Social Cost-Benefit Analysis. (12)

OR

Q. 6. B) Explain the concept of risk in business. Discuss the process of risk analysis. (12)
