

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

Duration: 2hrs

Instructions:

Max Marks: 80

- 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 Question no. 3 to Question no.6 each in not more than 400 words.
- 6) Draw neat diagrams wherever necessary.

Q.1. Answer ANY 4 of the following.

(4X4=16 marks)

- a) What is Price Forecasting?
- b) Explain the concept of Sealed Bid Pricing.
- c) What is Cyclical Pricing?
- d) If a firm has a fixed cost of Rs. 50,000, Variable cost per unit is Rs. 25 and the selling price of the product is 35 per unit, calculate the Break Even Point.
- e) Distinguish between Accounting Profit and Economic Profit.
- f) Explain the role of profit.

Q.2. Answer ANY 4 of the following.

(4X4=16 marks)

- a) Identify the significance of Capital Budgeting.
- b) Explain the concept of Cost of Debt.
- c) State any four advantages of Net Present Value.
- d) Explain any two approaches to determine the size of Capital Budget.
- e) What is Risk Premium?
- f) Explain the concept of Risk Adjustment.

Q.3. A. Explain the Competition based Pricing Strategies.

(12 Marks)

OR

Q.3.B. Explain the General Considerations of Pricing Policy.

(12 Marks)

Q.4. A. Illustrate the Break-even Analysis with the help of Break-even Chart.

(12 Marks)

OR

Q.4.B. What is profit Forecasting? Explain the various approaches to Profit Forecasting.

(12 Marks)

Q.5.A. Firm A has initial outlay of Rs. 80,000. The annual cash flow is Rs. 4,000. Calculate the Payback period. Critically Evaluate the Payback Period Method.

(12 Marks)

OR

**Q.5.B.** A firm is considering to purchase a machine. Two machines A and B are available in the market. Cost of Machine A is Rs. 1,20,000 while that of Machine B is Rs. 1,00,000. Earnings after taxation are expected as below.

Year	Cash Flow of Machine A (Rs.)	Cash Flow of Machine B (Rs.)
1	40,000	30,000
2	50,000	40,000
3	40,000	20,000
4	60,000	40,000
5	30,000	30,000

Rank the machines on the basis of Average Rate of Returns .

**(12 Marks)**

**Q.6.A.** Explain the factors influencing Investment Decisions.

**(12 Marks)**

**OR**

**Q.6.B.** What is Risk? Discuss the Sources of Business Risk

**(12 Marks)**