

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
FY B.Com Semester-II, Semester End Examination, April 2023
Managerial Economics (CEC 102)

Duration: 2 hrs

Max Marks: 80

Instructions:

1. Start each questions on a fresh page.
2. All questions are compulsory
3. Draw neat diagram whenever necessary
4. Answer sub-questions in question 1 & 2 in 100 words each.
5. Answer question numbers 3 to 6 in 400 words each.

Q 1. Answer ANY 4 of the following **(4x4=16)**

- a) Explain the concept of Penetration Pricing.
- b) Describe Marginal Cost Pricing.
- c) Explain the concept of Price Forecasting.
- d) Distinguish between Gross and Net profits.
- e) Describe Contribution Margin.
- f) State and explain any two methods of Profit Forecasting

Q2 Answer ANY 4 of the following. **(4x4=16)**

1. Describe Capital Rationing .
2. Examine any two factors which influence Investment decisions.
3. Explain the concept of Social Cost Benefit analysis.
4. Analyze any two sources of Business risks.
5. Examine the concept of Risk Premiums.
6. Explain the concept of Prisoners Dilemma.

Q3 A. Explain the various pricing strategies under Product Life cycle based pricing. **(12)**

OR

B. Explain the general considerations of Pricing Policy.

Q4. A. Explain the Break Even Analysis with a help of a diagram. **(12)**

OR

B. Calculate the safety margin for firm X and firm Y in terms of percentage and values .

| | Firm X | Firm Y |
|-----------------------------|----------|----------|
| Actual total sales (Rs.) | 2,00,000 | 1,80,000 |
| Budgeted Sales (Rs.) | 2,00,000 | 1,40,000 |
| Break-even sales (Rs.) | 1,50,000 | 1,50,000 |

Q5 A. Examine the various approaches to determine the size of Capital Budget. (12)

OR

Q5B.A project requires an initial investment of Rs.80,000 with a salvage of Rs. 30,000. Life span of the project is 10 years. Calculate the NPV of the project given, where the opportunity cost of investment or Discount rate is 15%.

| Years | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net benefits in (Rs) | 3000 | 5000 | 8000 | 10,000 | 11,500 | 12,000 | 9,000 | 7,000 | 6,000 | 5,000 |
| Discount Rate at 15% | 0.8696 | 0.7561 | 0.6575 | 0.5718 | 0.4972 | 0.4323 | 0.3759 | 0.3269 | 0.2843 | 0.2472 |

Q6A.i Calculate the Expected Value(EV) of firm Hero from the given data below. The firm has the capacity to produce everyday output for upto 200 days. (5)

| Output per day | Number of days |
|----------------|----------------|
| 400 | 50 |
| 200 | 80 |
| 300 | 30 |
| 500 | 40 |

ii. From the given data below calculate the standard deviation. (7)

| Cash inflows | Probability |
|--------------|-------------|
| 2000 | 0.3 |
| 4000 | 0.4 |
| 6000 | 0.5 |
| 8000 | 0.6 |

OR

Q6B.Explain the various methods used to decide the selection of a Project. (12)