

Vidya Vikas Mandal's  
Shree Damodar College of Commerce & Economics, Margao-Goa  
First Year.B.Com, Semester II, 2015  
End Semester Examination April, 2015  
**MANAGERIAL ECONOMICS-II**

**Max.Marks :80**

**Time:2hrs.**

Instructions: All questions are compulsory  
Start each question on a fresh page  
Figures to right indicate full marks

**Q1.Answer any four of the following questions:**

**(4x4)=16**

- a. Explain Total revenue and Marginal revenue curve .
- b. Write a note on market segmentation.
- c. What is meant by dumping?
- d. Explain the concept of economic profit and accounting profit.
- e. What is a cartel? Explain the two types of cartels.
- f Write a note on Price Discrimination.

**Q2.Answer any four of the following questions:**

**(4x4)=16**

- a.State any four objectives of pricing policy.
- b .Describe the importance of capital budgeting.
- c. Mention any four uses of break-even analysis.
- d. Explain with examples pure private goods.
- e .Discuss the important approaches to determine the size of capital budget.
- f. Calculate Profitability Index for the following data at a discount rate of 10%

Year	Cash Flow(Rs)
0	-30000
1	20000
2	-10000
3	30000
4	20000

**Q3a Diagrammatically Explain the Kinked demand curve of an Oligopolistic firm. (12)**

**OR**

**Q3b.Explain any four methods of Pricing. (12)**



Q4a .Illustrate with the help of a diagram the Break-Even Point.

(12)

**OR**

Q4b.The following is the information relating to Global company limited. You are required to find the following:

(12)

Total Fixed cost Rs3500,Total variable costs Rs.6000,Total sales Rs.20000,units sold 10000 and selling price is Rs.2

- Break even point in physical units
- Break even point in sales value
- Safety Margin
- Profit
- Target sales volume

Q5a.Explain the Payback Method. Outline the merits and demerits of Payback Method.

There are three alternative Proposals under consideration by an Entrepreneur. The details about the Proposal are as follows:

(12)

Find the Payback period for each of the three proposals and identify the one which will be selected by an entrepreneur.

Proposal	Initial Investment	Annual cash flow
1	Rs.40000	Rs.20000
2	Rs.90000	Rs.15000
3	Rs.75000	Rs.25000

**OR**

Q5b.Write a note on accounting rate of Profit .Explain the advantages and disadvantages of this method.

(12)

Project A has estimated net profit of Rs.90000 with capital employed Rs.150000,Project B estimated net profit of Rs.80000 with capital invested Rs.200000,Project C has estimated net profit of Rs.55000 with capital employed Rs.300000.Which Project will be accepted by the Firm.

Q6a.Reliance India Limited is considering three alternative Proposals. Project A has an initial cost of Rs.150000, .Project B has an initial cost of Rs.100000, and Project C has an initial cost of Rs.85000.All three projects have a life of six years. The cash flow for these projects are given below. Given the opportunity cost of 9%, which of the three is most attractive for the company.(12)

year	Project A	Project B	Project C
1	35000	30000	32000
2	38000	30000	36000
3	40000	30000	42000
4	44000	30000	40000
5	32000	30000	20000
6	16000	30000	25000

**OR**

Q6b. Explain business ethics and social responsibility of business firms. (12)

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