

Vidya Vikas Mandal's
Shree Damodar College of Commerce and Economics, Margao-Goa
F.Y.BCOM Semester II, Semester End Examination, April 2017

Managerial Economics

Duration: 2hrs

Max. Marks: 80

Instructions:

Figures to the right indicate maximum marks.

Start each question on a fresh page

All questions are compulsory

Qn1. Answer any **four** of the following **(4x4=16)**

- a. Meaning of equilibrium in market
- b. Four features of monopolistic market
- c. List four conditions for price discrimination
- d. Cost- plus Pricing
- e. Price Leadership
- f. Any four objectives of pricing policy

Qn2. Answer any four of the following **(4x4=16)**

- i. Meaning of safety margin
- ii. Meaning of profit forecasting
- iii. Net present value
- iv. What is break-even point
- v. Any four profit limiting factors
- vi. A company decides to buy an equipment with an initial cost of Rs. 35,000. The expected cash outflow from the machine is 15,000. Calculate the payback period.

Qn.3a Explain how a monopoly firm attains equilibrium in the short run and long run in the market with the help of a diagram. **(12)**

OR

Qn.3b Explain how an individual firm attains equilibrium under monopolistic competition. Explain the role of selling cost in monopolistic competition. **(12)**

Qn.4a Write Short notes on the following pricing methods along with their merits and demerits. **(3x4=12)**

- i) Penetration price
- ii) Market skimming Price
- iii) Dual Pricing

OR

Qn.4b What are the general considerations and objectives of pricing policy adopted by firms in the market. (12)

Qn.5a(i) Calculate break-even point in sales units and sales in Rupees from following information: (6)

Price per Unit Rs.25

Variable Cost per Unit Rs.17

Total Fixed Cost Rs. 24,000

(ii) Calculate margin of safety from the following information (6)

Sales Price per Unit Rs. 20

Variable Cost per Unit Rs. 16

Total Fixed Cost Rs. 8,000

Budgeted Sales Rs.10,000

OR

Qn.5b Explain the meaning, assumptions and measurement of profit volume analysis with suitable diagram. (12)

Qn.6aQn.6a (i) Calculate the Payback period for the two projects and select the most appropriate one. (6)

	Initial investment	Expected cash Flow
Project A	1,80,000	36,000
Project B	2,20,000	30,000
Project C	1,60,000	34,000

(ii) Management is considering the following alternative capital investment proposals. Calculate the Average rate of return and decide the desirable project.

(6)

	Project A	Project B	Project C
Average annual incremental income (Rs)	40,000	46,000	48,000
Average investment (Rs)	120,000	180,000	220,000

OR

Qn.6b What is social cost benefit analysis. Explain the objectives and various steps involved in social cost benefit analysis. (12)