Vidya Vikas Mandal's

Shree Damodar College of Commerce & Economics, Margao-Goa

F.Y.B.Com, Semester II, Semester End Examination, April 2019

Managerial Economics(CC7)

Duration: 2 hours **Max. Marks: 80**

Instructions:

1. All questions are compulsory.
2. Answer sub-questions in question no.1 and Question no.2 in not more than 100 words each.
3. Answer Question no. 3 to Question no. 6 in not more than 400 words each.
4. Figures to the right indicate maximum marks to the questions.

Q. 1. Answer **any four** of the following: (4x4=16 marks)

a) What is cost based pricing?
b) Write a note on retail pricing.
c) What is price forecasting?
d) Write a note on the role of profit.
e) What are the profit limiting factors?
f) Calculate the breakeven point when the fixed cost of a factory is Rs 38,000 per year, variable cost is Rs 16.00 per unit and selling price is Rs 20.00 per unit.

Q. 2. Answer **any four** of the following: (4x4=16 marks)

a) What is the significance of capital budgeting?
b) Two machines are available in the market- machine X and machine Y. Machine X would cost Rs. 30,000 where as machine Y would cost Rs. 22,000. Both the machines can reduce the annual labor cost by Rs. 5000. Which is the best machine to purchase according to the payback method?
c) What is social cost benefit analysis?
d) Write a note on business decision making under risk and uncertainty.
e) What are the sources of business risks?
f) Explain the significance of game theory.

Q.3.a. Explain the various pricing strategies under product life cycle based pricing. (12 marks)

OR

b. Explain the general considerations and objectives of pricing policy. (12 marks)

Q.4.a. Explain the breakeven analysis with the help of a diagram. (12 marks)

OR

b.Calculate the Safety margin of firms A & B give the following data:

	Firm A	**Firm B**
Actual total sales (Rs.)	3,00,000	2,40,000
Budgeted sales (Rs.)	3,00,000	2,80,000
Breakeven sales (Rs.)	1,50,000	1,50,000

Which firm is better placed with respect to its safety margin and why? (12 marks)

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Q.5.a. Explain the factors influencing investment decisions. (12 marks)

OR

b. A project requires an initial investment of Rs. 60,000 with a salvage value of Rs. 20,000. Calculate the Net Present Value (NPV) of the project given the opportunity cost of investment as 20 per cent from the following data:

Year	1	2	3	4	5	6	7	8	9	10
Net Benefits (Rs.)	8,000	10,700	11,500	12,800	8,200	7,500	6,300	5,800	3,200	2,100

(12 marks)

Q.6.a. Explain the methods to decide selection of a project. (12 marks)

OR

b. List out and explain the steps in analyzing risky decisions. (12 marks)

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