Prabodhan Education Society's

Vidya Prabodhini College of Commerce, Education, Computer & Management, Parvari Goa

FYBCOM SEMESTER END EXAMINATION, JUNE 2022

MANAGERIAL ECONOMICS (CC 07)

Semester: II **Duration:** 2 Hours **Max Marks:** 80

Instructions:

1. *All Questions are Compulsory. However, an internal choice is available.*
2. *Answer Q.1 & Q.2 in not more than 100 words each.*
3. *Answer Q.3 to Q.6 in not more than 400 words each.*
4. *Every main question should begin on a new page.*
5. *Figures to the right in brackets indicate maximum marks*

Q. No. 1 Answer **any four** questions from the following: - **(4 x 4 =16)**

a) What is meant by full-cost pricing?

b) What is administered pricing method?

c) Write a short note on Going rate pricing policy.

d) A firm produces 6,600 units of Pen at the total fixed cost of ₹1,20,000 and total variable cost of ₹50,000. The firm wants to make a net profit margin of 12% on total cost. Calculate price of Pen using Cost-plus pricing method.

e) Differentiate between normal and super normal Profit.

f) Define Profit Forecasting.

Q. No. 2 Answer **any four** questions from the following: - **(4 x 4 =16)**

i. What is capital budgeting?

ii. State the forms of capital budgeting.

iii. Define Average Rate of Return Method.

iv. Explain the financing approach of Capital Budgeting.

v. What is Environment based forecast?

vi. What is Margin of safety? If a firm is having actual total sales of 55,000 units with a Break-even point of 7,000 units. Find out safety margin in percentage.

Q.3 A) Explain the Product life cycle-based pricing. **(12)**

OR

Q.3 X) Discuss the Skimming Price and Penetration Pricing methods used for a new product. **(12)**

Q.4 A) Elaborate the various factors affecting pricing policy of a firm. **(12)**

OR

Q.4 X) i) Explain the Break-Even Chart. **(06)**

ii) Suppose the fixed cost of an chocolate factory is ₹54,000, the variable cost is ₹8 and selling price is ₹20 per unit. Find out the Break-even point of the chocolate factory. **(06)**

Q.5 A) Explain the sources of funds for long term financing. **(12)**

OR

Q.5 X) Discuss in detail the Capital Budgeting Process. **(12)**

Q.6 A) Explain any six factors influencing Investment decisions. **(12)**

OR

Q.6 X) What is Net Present Value method? **(03)**

Q.6 Y) Rank the following investment proposal as per their profitability, showing all the steps involved in the calculation according to –

(i) Pay-Back Period Method (ii) Accounting Rate of Return Method. **(3+6=9)**

Project Proposal	Initial Investment	Annual Cash Flow	Life in Years
A	3,50,000	88,000	10
B	6,50,000	85,000	18
C	4,80,000	82,000	12

X