

**FYBCOM SEMESTER END ASSESSMENT (REGULAR/REPEAT)**

April / May 2023

**Course Title: MANAGERIAL ECONOMICS**

**Course Code: UCEC102                      Category: CC 7**

**Semester: II**

**Duration: 02 Hours**

**Max Marks: 80**

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- All questions are compulsory having internal choice.
  - Figures to the right indicate maximum marks allotted.
  - The use of a simple calculator is allowed.
  - Answer Q.1 & Q.2 in not more than 100 words each.
  - Answer Q.3 to Q.6 in not more than 400 words each.
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**Q.1) Answer ANY FOUR of the following. (4 x 4 = 16)**

- a) What is penetration pricing?
- b) Define product bundling.
- c) Explain the four concepts of profit.
- d) Briefly explain the role of profit.
- e) Explain the profit limiting factors.
- f) A firm produces 8000 units of books at the total fixed cost of Rs. 1,60,000 and total variable cost of Rs. 80,000. The firm wants to make a net profit margin of 25% on total cost. Calculate price of book using cost plus pricing method.

**Q.2) Answer ANY FOUR of the following. (4 x 4 = 16)**

- i. Explain the significance of Capital Budgeting.
- ii. Define Cost of Equity.
- iii. Explain the factors influencing the investment decision.
- iv. What are the steps involved in the analysis of risky decision.
- v. Explain the sources of business risk.
- vi. Define risk premium.

**Q.3 A) Explain product life cycle based pricing with the help of a diagram. (1 x 12 = 12)**

**OR**

**Q.3 X) Elaborate on the Competition based pricing methods. (1 x 12 = 12)**

**(P.T.O.)**

**Q.4 A)** Define profit forecasting and elaborate on its approaches. (1 x 12 = 12)

**OR**

**Q.4 X) (i)** Explain Break Even Chart with the help of a diagram. (1 x 6 = 6)

**(ii)** ABC company manufactures water bottles at a variable cost of Rs. 15 per unit and the same is sold at Rs. 25 per unit. Fixed cost incurred by a company for a period stands at Rs. 30,000. Calculate Break Even Quantity and Break Even Sales.

(1 x 6 = 6)

**Q.5 A)** What is Social Cost Benefit Analysis? Explain the steps involved in Social Cost Benefit Analysis. (1 x 12 = 12)

**OR**

**Q.5 X)** Rank the following investment proposals as per their profitability showing all the steps involved in the calculation according to:

**(i)** Payback period method

**(ii)** Accounting rate of return method

Project Proposal	Initial Investment	Annual Cash Flow	Life in Years
K	6,00,000	3,00,000	20
L	3,00,000	1,00,000	15
M	10,00,000	7,00,000	25

(1 x 12 = 12)

**Q.6 A)** Explain the methods used for the selection of project in business. (1 x 12 = 12)

**OR**

**Q.6 X)** Enumerate in detail the structure of Game Theory. (1 x 12 = 12)

**X**