**Goa Vidyaprasarak Mandal's**

**GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS, PONDA-GOA**

**B.COM. CBCS (SEMESTER-II) EXAMINATION, APRIL/MAY 2023**

**MANAGERIAL ECONOMICS**

**Duration : 2 hours** **Marks: 80**

**Instructions:**

i) All questions are compulsory however internal choice is available.
ii) Figures to the right in brackets indicate marks.
iii) Use of non-programmable calculators is allowed.

Q. 1 Answer **any 4** of the following questions in not more than 100 words: **(4x4=16)**

I. Going rate pricing.
II. Objectives of pricing policy **(any two)**.
III. Profit limiting factors **(any two).**
IV. Assumptions of Break Even Analysis **(any four).**
V. Meaning of capital budgeting.
VI. Sources of funds for long term financing **(any two).**

Q. 2 Answer **any 4** of the following questions in not more than 100 words: **(4x4=16)**

a. Average Rate of Return (ARR).
b. Social cost benefits analysis.
c. Meaning of cost of capital.
d. Sources of Business Risk **(any two).**
e. Risk Premium.
f. Assumptions of Game theory **(any four)**.

Q. 3. a) Explain the following pricing strategy- **(4x3=12)**
i) Full Cost Pricing ii) Marginal Cost Pricing iii) Target Return Pricing

**OR**

Q. 3. b) Describe the following pricing strategies- **(4x3=12)**
x) Price skimming y) Penetration pricing z) Peak load pricing

Q.4 a) Vedanta Ltd. has following figures- **(12)**

Selling price =50/-

Variable cost per unit = 20/-

Fixed cost = 40,000/-

Actual sales= 10,000 units

Target profit = 20,000/-

Calculate 1) contribution margin 2) c/s Ratio 3) Break Even points in units 4) Break Even point in Rupees 5) Margin of safety 6) Target sales volume (in units).

**OR**

Q.4 X) Explain the meaning and any two methods of profit forecasting. **(6)**

Q.4 Y) Tata steel Ltd. has following figures- **(6)**

Selling price =40/-

Variable cost per unit = 20/-

Fixed cost = 50,000/-

Calculate 1) contribution margin

2) Break Even points in units

3) Break Even point in rupees.

Q.5.a) Explain steps in capital budgeting. **(6)**

Q.5.b) Calculate payback period of the following project and rank the most desirable project on the basis of payback period criterion. **(6)**

| Project | Initial Cost( I) in Rs. | Annual cash flow (C) in Rs. |
|---|---|---|
| A | 5,00,000 | 1,00,000 |
| B | 4,00,000 | 50,000 |
| C | 6,00,000 | 1,50,000 |
| D | 7,00,000 | 70,000 |
| E | 6,00,000 | 2,00,000 |
| F | 6,00,000 | 1,00,000 |

**OR**

Q.5.x) Write a short note on Internal Rate of Return method **(4)**

Q.5.y) From the following data, calculate Net Present Value (NPV) and Profitability Index and give your decision. **(8)**

The cost of a machine is 70,000, Life = 6 years, Discount rate = 8%. The annual cash flow and Present value factor @ 8% is given as follows-

| **Year** | **Annual cash flow (Rs.)** | **Present value Factor @ 8%** |
|---|---|---|
| 1 | 20,000 | 0.926 |
| 2 | 20,000 | 0.857 |
| 3 | 24,000 | 0.794 |
| 4 | 28,000 | 0.735 |
| 5 | 24,000 | 0.681 |
| 6 | 10,000 | 0.63 |

Q.6.a) Explain in brief following methods to decide selection of project- **(12)**

i. Risk adjusted discount rate.
ii. Certainty equivalent method
iii. Decision tree analysis method.

**OR**

Q.6.X) Explain the meaning and structure of Game theory. **(12)**