

Con. 2449-08.

BB-8968

(3 Hours)

[Total Marks : 100

- N.B. :** (1) In **Section I**, question No. **1** is **compulsory**. Attempt **two** questions from the rest.
(2) In **Section II**, question No. **6** is **compulsory**. Attempt **two** questions from the rest.
(3) **Figures** to the **right** indicate marks to a **sub-question**.
(4) Answers to the **both** the sections are to be written in the **same** answer-book.

Section I

1. (a) Define the following :- 6
(i) Demand
(ii) Cross elasticity of demand
(iii) Demand forecasting
- (b) Distinguish between the following :- 6
(i) Average production and marginal production.
(ii) Past costs and future costs
(iii) Direct costing and Absorption costing.
- (c) The Total Cost Function y of manufacturing x number of units is given by 6
 $y = 16,000 + 600x + 0.2x^2$.
Calculate -
(i) Average cost of producing 200 units.
(ii) If the company doubles the output will it halve its average cost ?
(iii) what is the average variable cost if no units are produced ?
2. (a) Explain the functions performed by a managerial economist, in the Indian context. 8
(b) Discuss the characteristics of Managerial Economics. 8
3. (a) Explain the business applications of price elasticity. 8
(b) Discuss the determinants of demand. 8
4. (a) Give a summary chart of the methods of demand forecasting. Discuss any two methods of demand forecasting. 8
(b) Explain the recent trends in demand forecasting. 8
5. (a) Discuss the diseconomies of scale. 8
(b) Distinguish between cost control and cost reduction. Discuss the factors essential for the success of a cost reduction program. 8

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Section II

6. (a) Define the following :- 6
- (i) Monopoly
 - (ii) Cost of retained earnings
 - (iii) Net present value.

- (b) Find using straight line method :- 6
- (i) depreciation during the year
 - (ii) depreciation at the end of the year
 - (iii) value of the asset at the end of the year given that
 - Cost of the Asset : Rs. 20,00,000
 - Rate of Depreciation : 12% p.a.
 - Life of an asset : 5 years.

- (c) A company is manufacturing five products. The accounts department has supplied the following data :- 6

Product	Price Rs	Variable Cost Per Unit	% Share of each Product to total sales
A	5	4	10
B	5	3	15
C	10	6	20
D	10	7	25
E	10	8	30

The capacity of the firm in terms of rupees is Rs. 10,00,000 and the fixed costs per year are Rs. 2,00,000. Calculate the BEP.

7. (a) Explain the Rent Theory of Profits. 8
- (b) Explain the features, causes and disadvantages of monopoly. 8
8. (a) Distinguish between perfect competition and monopolistic competition. 4
- (b) Explain outlet differentiation. 4
- (c) Discuss the general principles of Oligopoly pricing. 8
9. (a) Explain the advantages of price leadership situation. 8
- (b) What are economic indicators ? Discuss external economic indicators. 8
10. (a) What is a Master Budget ? What are its components ? 8
- (b) What are the components of the feasibility report in project planning ? 8