R7

Time: 3 hours   Max Marks: 80

Answer any FIVE Questions
All Questions carry equal marks
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1. Bring out the role of managerial economist in decesion - making. [16]

2. Describe the survey based demand forecasting methods with appropriate examples.

[16]

3. Briefly explain the following:

   (a) Fixed cost
   (b) Variable cost
   (c) Semivariable cost
   (d) Marginal cost.   [4+4+4+4]

4. Write brief note on the following. Each question carries equal marks.   [16]

   (a) Perfect competition
   (b) Monopolistic competition
   (c) Monopoly competition.

5. Analyze the problems of the Govt. Company and suggest remedial measures for their improvement.
   [16]

6. Consider the case of the company with the following two investment proposals, each costing 18 Lakhs. The details of the cash inflows are as follows:

Year	Project 1	Project 2
1	6,00,000	12,00,000
2	10,00,000	8,00,000
3	12,00,000	6,00,000

   The cost of capital is 10% per year. Which are will you choose under NPU method?

   [16]

7. Prepare the Trial Balance from the following: [16]

	Rs.		Rs.
Outstanding expenses	1,500	Machinery	3,000
Purchase returns	3,000	Capital	30,000
Purchase	42,000	Sales	16,000
Office Expenses	9,000	Reserve fund	2,000
Creditors	3,000	Cash in hand	6,000
Loan	4,500		

8. The following information relates to Disco Electricals for the year ending 31st December, 2001.

Equity capital (80,000 shares @Rs.20 each)	Rs. 16,00,000
10% pref. Share Capital @Rs.20 each	Rs. 6,00,000
Profit after Tax @ 10%	Rs. 5,40,000
Depreciation	Rs. 1,20,000
Equity dividend paid at 20% market price per equity Share	Rs. 80

   Determine:

   (a) Dividend yield on equity share
   (b) Earnings per share
   (c) Price - Earnings ratio.   [16]

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