LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION – **ECONOMICS**

FOURTH SEMESTER – **APRIL 2022**

UEC 4601 – MANAGERIAL ECONOMICS

Date: 23-06-2022   Dept. No.   Max. : 100 Marks
Time: 09:00 AM - 12:00 NOON

PART – A
Q. No   **Answer any FIVE questions in about 75 words each.**   **(5 x 4 = 20 Marks)**

1   What is meant by decision making?
2   Chart out the objectives of demand forecasting
3   List out the criteria of good demand forecasting
4   Differentiate "shut down cost" and "abandonment cost".
5   From the given data, illustrate a manufacturer of toys company's budget forecasts. If they pay $600 as rent and $100 for electricity per month. Each toy requires $10 in plastic and $8 in cloth, find out how much will it cost them to manufacture 1800 and 2500 toys annually for the next two years?
6.   Describe the concepts Administered Pricing and Dual Pricing.
7.   Suppose a firm expects to receive the amount of Rs. 15000 for the next 3 years at the rate of 8% discount, find out the gross present value (GPV).

PART – B
Answer any FOUR questions in about 300 words each.   **(4x 10 = 40 Marks)**

8   Write a note on the role of Managerial Economist in the decision-making process
9   From the given trend sales values of a company, find out demand forecast of a company for the next three years.

Year	Sales (in 1000s)
2017	60
2018	75
2019	95
2020	120
2021	150

10   Explain Baumol's sales maximization model with suitable representation.
11   Explore various pricing strategies of a firm.
12.   From the given value and options of an investor find out the feasibility of the projects using NPV rule

Project	Investment	Cash Flow	Expectancy of income flows (in Years)	Interest Rate (%)
1. Dam Construction	200000	100000	3	10
2. Pollution Air Free	220000	90000	3	12
3. Road Contract	120000	50000	3	8
4. Building Contract	200000	90000	3	6

13.   Examine the concept of 'Break Even Analysis' with diagrammatic representation.
14.   Discuss the factors influencing investment decisions

PART – C
Answer any TWO questions in about 900words each.   **(2 x 20 = 40 Marks)**

15   Discuss characteristics of decision making and factors involved in decision making.
16   Explain different methods of demand forecasting and its significance.

17　From the given value estimate AC, TVC, TFC, TC and MC and also represent all thetypes of costs diagrammatically.

Unit of Output	Average Wage rate	Average Fixed cost
1	6	12
2	5.45	5.45
3	5.00	3.35
4	4.61	2.30
5	4.28	1,71
6	4.19	1.39
7	4.20	1.20
8	4.29	1.07
9	4.42	0.98
10	4.62	0.92
11	4.82	0.87
12	5.03	0.84
13	5.27	0.81
14	5.52	0.79
15	6.00	0.77

18.　Write a short note on the given concepts and make out the profitability rank order from the given values using:

     a. Payback period method

     b. Average Rate of Return method

Project	Initial Capital	Annual Cash Flow
A	6,000	800
B	8,800	1,500
C	2,150	1000
D	10,250	1500
E	42,500	15,000
F	50,000	20,000
G	75,000	25,000

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