

[Marks:75]

[Time: 2.30 Hrs]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
 2. Figures to the right indicate full marks.
 3. Students answering in the regional language should refer in case of doubt to the main text of the paper in English.

Q.1 a) Describe the scope of business economics. 15
b) Explain the profit maximization principle.

OR

- a) Discuss the problem of merit and demerit goods.
- b) With the help of diagram explain how production caused by positive and negative externality.

Q.2 a) What are the determinants of demand? 15
b) Explain increase and decrease in supply with the help of diagram.

OR

- a) Discuss the types of price elasticity of supply.
- b) Explain the properties of indifference curve.

Q.3 a) Explain law of returns to scale. 15
b) Explain the term 'Expansion Path' with the help of diagram.

OR

- a) What are the sources of monopoly power?
- b) Explain the features of monopolistic competition.

Q.4 Choose the correct option for the following 15
1) The supply curve for durable goods will be -----.

- a) Relatively elastic
- b) Unitary elastic
- c) Relatively inelastic
- d) Perfectly elastic

2) When the consumers decides to buy a larger quantity of both the good, it is known as -----

- a) substitution effect
- b) income effect
- c) compliment effect
- d) marginal effect

- 3) Long run average cost is used to determine -----
 - a) Level of output
 - b) Lowest variable cost.
 - c) To minimise fixed cost
 - d) The optimum firm size.
- 4) Right side's Iso - Quants shows ----- level of production.
 - a) Same
 - b) Low
 - c) High
 - d) Medium
- 5) When Total Product (TP) is maximum, Marginal Product (MP) is -----
 - a) Zero
 - b) Positive
 - c) Negative
 - d) Minimum
- 6) How many quadrants are there in a graph?
 - a) Two
 - b) Four
 - c) Six
 - d) Three
- 7) The invisible hand refers to -----
 - a) Market mechanism
 - b) Market witchcraft
 - c) Market intervention
 - d) Market collusion
- 8) What is a trade-off?
 - a) Sacrificing something for a better thing
 - b) Buying and selling
 - c) Trade between countries
 - d) All of these
- 9) Which one of the following explains a trade-off between equity and efficiency?
 - a) More equal income distribution and less efficient workforce
 - b) More equal income distribution and more efficient workforce
 - c) More unequal income distribution and less efficient workforce
 - d) All of these

- 10) The supply curve for perishable goods will be -----.
- a) Relatively elastic
 - b) Unitary elastic
 - c) Perfectly elastic
 - d) Relatively inelastic
- 11) In monopolistic competition new firms will be attracted to --in the long run.
- a) Employment Opportunities
 - b) Power Opportunities
 - c) Promotion Opportunities
 - d) Profit Opportunities
- 12) If average total cost is below the market price, then the firm will earn -----.
- a) Average Profit
 - b) Zero Profit
 - c) Economic Profit
 - d) Total Profit
- 13) Under Monopolistic Competition, more firms will continue to enter the industry until the firms are earning only -----.
- a) Supernormal Profit
 - b) Normal Profit
 - c) Minimum Profit
 - d) Maximum Profit
- 14) With increasing production ----- Cost also increases.
- a) Fixed cost
 - b) Variable cost
 - c) Marginal cost
 - d) Average cost
- 15) Demand curve under monopolistic competition is ----- as compared to demand curve under monopoly.
- a) Less Elastic
 - b) More Elastic
 - c) Perfectly Inelastic
 - d) Perfectly Elastic

Q.5 Write notes on (Any 3)

- a) Concept of Scarcity
- b) Income elasticity of demand.
- c) Marginal rate of technical substitution (MRTS)
- d) Cournot model
- e) Wastages in monopolistic competition

15

Time – 2^{1/2}

[Total Marks : 75]

- N.B. : (1) All questions are compulsory and subject to internal choice.
(2) All Questions carries equal Marks.
(3) Figures to the right indicate full marks of questions.
(3) Please verify whether you have received the right question paper.

- Q. 1 (A) : Explain any two phases of Strategic Management Process. [07]
Q. 1 (B) : Enumerate the benefits of Strategic Management. [08]

OR

- Q. 1 (C) : Elucidate any two techniques of Environmental Scanning. [07]
Q. 1 (D) : Which are the types of Diversification? [08]

- Q. 2 (A) : Enumerate the factors affecting strategy choice and its importance. [07]
Q. 2 (B) : Explain Divestment strategy with its reasons of implementation. [08]

OR

- Q. 2 (C) : What is the importance of Resource allocation ? What are the challenges faced by it? [07]
Q. 2 (D) : Elucidate ETOP with example. [08]

- Q. 3 (A) : Elucidate the types of Strategic Alliances and its importance. [07]

- Q. 3 (B) : Which are the Strategies of BPO in India? [08]

OR

- Q. 3 (C) : Enumerate the schemes under 'Make In India' campaign. [07]
Q. 3 (D) : Elucidate the contribution of IT sector in Indian business. [08]

- Q. 4 (A) : Select the most appropriate answer from the options given below: [05]

- 1) During festivals there is huge demand for clothes, electronic items, flowers, fruits, sweets, vehicles, etc. This is an example of _____ environment.
(a) Political (b) Social (c) Economic (d) Technological
- 2) _____ refers to the unification of two or more business houses to form an entirely new entity.
(a) Merger (b) Market Penetration (c) Turnaround (d) Divestment
- 3) The _____ in BCG matrix are the market leaders.
(a) Cash Cows (b) Question Marks productivity (c) Stars (d) Dogs
- 4) KPO provides an array of services in the area of _____

(a) Customer care (b) Human Resources (c) Data Analytics (d) Production

- 5) _____ is an example of start-up business in India.
(a) Zomato (b) Reliance (c) Godrej (d) All of these

Q. 4 (B) :. State whether the following statements are True or False.

[05]

- 1) An effective Mission statement should be lengthy.
- 2) Turnaround strategy is a retrenchment strategy which includes converting loss making unit into a profitable one.
- 3) Only natural disaster can have adverse impact on agriculture.
- 4) Make in India initiative opened up FDI for the sectors of railways, insurance, defence and medical devices etc.
- 5) Business Process Re-engineering does not require to study the existing process.

Q. 4 (C) :. Match the Pairs:

[05]

Group 'X'		Group 'Y'	
1.	Production Strategies	a	Deals with planning, raising, utilizing and controlling of the funds
2.	Marketing Strategies	b	Hiring right kind of people
3.	Financial Strategies	c	Aimed at improving quality
4.	Human Resource Strategies	d	Understand and fulfil needs of customers
5.	Promotion Strategies	e	Communication of information to the customers about products & services

Q. 5. Write Short Note on : (any three)

- (A) Internal Environment of Business ✓
- (B) SWOT Analysis ✓
- (C) Process of Business Start-Ups ✓
- (D) Process of Business Process Reengineering
- (E) Strategies for Managing and Preventing Disasters ✓

[15]

Infrastructure

(2.30 Hours)

[Total Marks : 75]

- N.B. : (1) All the questions are compulsory.
 (2) Each Question carrying 15 marks.
 (3) Working notes should form the part of your answer.
 (4) Use of simple calculator is allowed.

Q.1 Company X and Company Y, both under the same management, makes and sells the same type of product. This budgeted Profit and loss Accounts for January -June 2021 are as under: [15]

Particulars	Company 'X'		Company 'Y'	
	Rs.	Rs.	Rs.	Rs.
Sales		6,00,000		6,00,000
Less: VC	4,80,000		4,00,000	
FC	60,000 ✓	5,40,000 ✓	1,40,000	5,40,000
Profit		60,000		60,000

You are required to Calculate:

- The break-even point for each company.
- The sales volume at which each of the two companies with profit of Rs. 20,000.
- Margin of safety for both the companies.

OR

[15]

Q.1 A company produces a single product which is sold by it presently in the domestic market at Rs. 75 per unit. The present production and sales is 40,000 units per month representing 50 % of the capacity available. The cost data of the product are as under:
 Variable costs per unit Rs. 50
 Fixed costs per month Rs. 10 lakhs

To improve the profitability, the management has 3 proposals on hand as under :

- to accept an export supply order for 30,000 units per month at a reduced price of Rs. 60 per units, incurring additional variable costs of Rs. 5 per unit towards export, packing, duties etc.
- to increase the domestic market sales by selling to a domestic chain stores 30,000 units at Rs. 55 per unit, retaining the existing sales at the existing price.
- to reduce the selling price for the increased domestic sales as advised by the sales department as under:

Produce selling price per unit by Increase in sales expected

Rs.	(in units)
5	10,000
8	30,000
11	35,000

Prepare a table to present the results of the above proposals and give your comments and advice on the proposals

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Q.3 From the following
A) Total sales
mix variatio

Product

[15]

Q.2 Following are the information given by an owner of a hotel. You are requested to advice him that what rent should be charge from his customers per day so that he is able to earn 25 % on cost other than interest.

- 1) Staff salaries Rs. 80,000 per annum
- 2) Room attendant's salary Rs. 2 per day. The salary is paid on daily basis and services of room attendant are needed only when the room is occupied. There is one room attendant for one room.
- 3) Lighting, heating and power. The normal lighting expenses for a room if it is occupied for the whole month is Rs. 50. Power is used only in winter and normal charge per month if occupied for a room is Rs. 20.
- 4) Repairs to building Rs. 10,000 per annum
- 5) Linen etc. Rs. 4,800 per annum
- 6) Sundries Rs. 6,600 per annum
- 7) Interior decoration and furnishing Rs. 10,000 annually
- 8) Cost of building Rs. 4,00,000; rate of depreciation 5 %
- 9) Other equipment Rs. 1,00,000; rate of depreciation 10 %
- 10) Interest @ 5% may be charged on its investment of Rs. 5,00,000 in the building and equipment
- 11) There are 100 rooms in the hotel and 80 % of the rooms are normally occupied in summer and 30 % of the rooms are busy in winter. You may assume that period of summer and winter is six month each. Normal days in a month may be assumed to be 30.

OR

[15]

Q.2 A manufacturing company is currently working at 50% capacity and produces 10000 units at a cost of Rs.180 per unit as per the following details.

Material Rs.100

Labour Rs.30

Factory overheads Rs.30 (40% fixed)

Administrative overheads Rs.20 (50% fixed)

Total cost per unit Rs.180

The selling price per unit at present is Rs.200. At 60% working, material cost per unit increased by 2% and selling price per unit falls by 2%. At 80% working, material cost per unit increases by 5% and selling price per unit falls by 5%.

Prepare a flexible budget to show the profits/losses at 50%,60% and 80% capacity utilization.

[15]

Q.3 From the following information about sales calculate:

- A) Total sales variance B) Sales price variance C) Sales volume variance D) Sales mix variance E) Sales quantity variance

Standard

Product	Quantity	Selling price per unit	Rs
A	5000	5	25000
B	4000	6	24000
C	3000	7	21000
Total	12000		70000

Actual

Product	Quantity	Selling price per unit	Rs
A	6000	6	36000
B	5000	5	25000
C	4000	8	32000
Total	15000		93000

OR

Q.3

[15]

AB LTD manufactures a costing the standards of its are given as under:

	Composition	Standard price
Raw material P	75%	Rs.80Per kg.
Raw material S	25%	Rs.20 per kg

Standard yield is expected to be 100% i.e. an total input of 100kg of raw material should give 100 kgs of costing.

The actual data for the given period are as follows:

a) Output obtained 120 Kgs.

b) Input of raw material :

Raw material P. 112 Kgs. at actual price of Rs. 85 per Kg.

Raw material S. 28 Kgs. at actual price of Rs. 15 per Kg.

Calculate the material cost variances.

Q.4(a) Select the correct answer in each of the following

[5]

- i. Measurable value of an alternative use of resources is _____
- (a) Sunk cost
 (b) Imputed cost
 (c) Opportunity cost
 (d) Differential cost

- ii. Fixed overhead capacity variance arises due to difference between capacity utilized and _____
(a) Spare
(b) Excess
(c) Fixed
(d) Planned
- iii. Cinema house must adopt
(a) Operating costing
(b) Job costing
(c) Batch costing
(d) Contract costing
- iv. The amount of work achievable in an hour, at standard efficiency levels is ____
(a) an ideal standard
(b) the direct labour usage per hour
(c) a standard hour
(d) the direct labour efficiency variance
- v. Which one of the following items would not be included in a cash budget?
(a) Capital repayment of loans
(b) Depreciation charges
(c) Dividend payments
(d) Proceeds of sale of fixed assets

(b) State whether following statement is true or false

[5]

- i. Budget is a statement of the policy to be pursued for the purpose pursued for the purpose of attaining a given objective.
- ii. Overhead variance is nothing but the variation in absorption or recovery of overheads.
- iii. Under absorption costing collection and presentation of cost data is very useful for decision making.
- iv. Marginal costing not a distinct method of costing like job costing or process costing.
- v. CVP Analysis is an important tool of profit planning

(c) Match the following

[5]

1	P/V Ratio	B	A	$(FC/Contribution \text{ per unit}) \times \text{sales}$
2	Break-even point	A	B	$(Contribution / \text{sales}) \times 100$
3	Material usage variance	E	C	standard price (revised standard quantity - actual quantity)
4	Material mix variance	C	D	standard price (actual output - standard output)
5	Material yield variance	D	E	standard price (standard quantity - actual quantity)

Q.5 Short notes (Any 3 Out of 5)

[15]

1. Difference between forecast and budget ✓
2. Benefits of Standard costing
3. Limitations of absorption costing ✓
4. Absorption costing V/s Marginal costing ✓
5. Flexible budget ✓

