

[Time: 2.30 Hrs]

[Marks:75]

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) Explain the theory of attributes with the help of diagram. 15
b) Discuss the law of supply.

OR

- a) What is price elasticity of supply? What are the Determinants of price elasticity of supply?
- b) What are 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) Which amongst the following sectors are found in a two sector closed economy?

- a) Households and Government
- b) Households and Firms
- c) Households and External Sector
- d) Households and Foreign sector

2) What happens to the PPC when economic growth takes place?

- a) The PPC shifts to the right
- b) The PPC shifts to the left
- c) The PPC becomes convex to the origin
- d) The PPC becomes concave to the origin

- 3) The term "invisible hand" was given by -----.
- a) Adam Smith
 - b) David Ricardo
 - c) John Maynard Keynes
 - d) Milton Friedman
- 4) Allocation efficiency is achieved when price is equal to -----
- a) Average Revenue
 - b) Marginal Revenue
 - c) Marginal Cost
 - d) Total Cost
- 5) When change in quantity supplied is greater than the change in price in percentage terms, supply is said to be -----
- a) Unitary elastic
 - b) Relatively inelastic
 - c) Relatively elastic
 - d) Perfectly inelastic
- 6) The quantity supplied will also increase if the market is -----
- a) Monopolistic
 - b) monopoly
 - c) oligopoly
 - d) perfect market
- 7) The Arc method uses the average of the changes in.....
- a) the price and quantity supplied
 - b) the price and quantity demanded
 - c) the demand and quantity supplied
 - d) the supply and quantity demanded
- 8) An important cause of internal diseconomies of scale is -----.
- a) Rising factor costs
 - b) Diminishing returns to management
 - c) Rising production cost
 - d) Pollution
- 9) The Learning curve shows the relationship between ----- and additional units of output.
- a) Capital cost
 - b) Labour cost
 - c) Interest cost
 - d) Raw material cost

- 10) Which side of iso quant curve indicate higher level of production?
a) Right side
b) Left side
c) Vertical
d) Horizontal
- 11) The ----- costs are opportunity costs of factors owned and used by the entrepreneur.
a) Explicit costs
b) Implicit costs
c) Variable costs
d) Fixed costs
- 12) 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
- 13) 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
- 14) 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
- 15) 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

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

Time: 2.30 Hours

Marks: 75

Note:

1. All questions are compulsory with internal choice carrying 15 marks each.
2. Only simple calculator is permitted.
3. Support your answer with necessary working notes wherever required.

Q1. At 100% capacity M/s MGM industry in Tarapur under MIDC can produce 12,500 units. Presently it produces 10,000 units for domestic consumption. The cost incurred are as below- (15)

Particulars	Amount in Rs.
Material	8,00,000
Wages	7,20,000
Fixed Factory overheads	2,40,000
Variable Factory Overheads	4,00,000
Administrative overheads	3,60,000
Selling and distribution overheads (Variable)	2,00,000
Selling and distribution overheads (Fixed)	3,20,000
Total	30,40,000

The excess capacity of 2500 cannot be used for domestic market wherein the price of product is Rs 400 per unit. The foreign market can consume this excess capacity however due the global competition the selling price would reduce by Rs 50 per unit. As a chief financial officer, you are asked to evaluate whether the M/s MGM industry should enter foreign market, or no?

Support your answer by evaluating the two options in details –

Option 1 – Cater only domestic market.

Option 2 – Cater both domestic and foreign market.

OR

Q1 M/s KGM furnishes you the following income information for the financial year ended 31st March 2022. (15)

Particulars	April 2021-- September 2021	October 2021- March 2022
Sales	Rs 16,20,000	Rs 20,52,000
Profit	Rs 43,200	Rs 1,29,600

Assuming fixed costs remaining same in both the periods, you are required to calculate

1. P/V Ratio
2. Fixed Cost for the year 2,08,800
3. Break Even point for the year.
4. Variable Cost for both the periods.
5. The amount of Profit and Loss where sales are Rs 12,96,000

Q2. Prepare a cash budget of Lovely Ltd from the following information for Six months commencing from April 2022. (15)

Month	Sales	Purchases	Expenses
January 2022	Rs 15,00,000.00	Rs 2,00,000.00	Rs 2,50,000.00
February 2022	Rs 22,50,000.00	Rs 2,50,000.00	Rs 3,00,000.00
March 2022	Rs 32,50,000.00	Rs 3,25,000.00	Rs 3,75,000.00
April 2022	Rs 45,00,000.00	Rs 4,00,000.00	Rs 4,50,000.00
May 2022	Rs 60,00,000.00	Rs 5,50,000.00	Rs 6,00,000.00
June 2022	Rs 77,50,000.00	Rs 8,75,000.00	Rs 9,25,000.00
July 2022	Rs 97,50,000.00	Rs 8,75,000.00	Rs 9,25,000.00
August 2022	Rs 1,20,00,000.00	Rs 10,00,000.00	Rs 10,50,000.00
September 2022	Rs 1,45,00,000.00	Rs 12,50,000.00	Rs 13,00,000.00

Additional Information:

- Total sales comprises of 20% of cash sales and 80% credit sales.
- 40% of credit sales collected in the month of following the sales, balance 35% in the second month and remaining 25% in the third month.
- 100% of credit purchases are paid in the month following the purchases.
- Opening cash balance of Rs 18,00,000 as at 1st April 2022.
- Expenses of each month are paid with a time-lag of one month.
- Income tax to be paid in the month June 2022 Rs 7,50,000.

OR

Q2) Yashraj Manufacturing Company produces 45,000 Units by utilizing its 75% capacity. It gives you the following cost information: (15)

Particulars	Rs
Direct Materials	22,50,000
Direct labour	18,00,000
Direct Expenses	9,00,000
Factory overheads	13,50,000
Office overheads	9,00,000
Selling overheads	4,50,000

Additional information:

- Direct material, Direct Labour and Direct Expenses are variable cost
- Factory overheads increases by 10%, if capacity utilization goes down below 75% and decreases by 15%, if capacity utilization goes up above 75%
- Office overheads are fixed overheads
- Selling overheads per unit increases by 20%, if capacity utilization goes down below 75% and decreases by 25%, if capacity goes up above 75%
- It is the policy of the company to charge profit at 20% on selling price

You are required to prepare Flexible budget at 50%, 75% and 100% capacity utilization

Q3. The standard variable works cost of the product manufactured by ABCD Industries is given below: (15)

Direct Material – 6 Kgs. @ Rs 120 per kg.

Direct Labour – 8 hours @ Rs 45 per hour

During a week, the firm manufactured 400 units of the product. The details of actual costs incurred were as follows:

Direct Material – 2000 kgs. @ Rs 90

Direct Labour: Time recorded in office time – 4840 hours

Actual wages paid – Rs 1,93,600

Calculate:

- Material Price Variance
- Material Cost Variance
- Material Usage Variance
- Labour Rate Variance
- Labour Efficiency Variance

OR

Q3. LP Limited is running a minibus. You are required to calculate a suggested fare per passenger/kilometre from the following details. (15)

Purchase Price of Bus	Rs 40,00,000
Length of Route	40 kms
Insurance ✓	Rs 1,60,000 p.a.
Garage Rent ✓	Rs 40,000 p.a.
Road Tax and Permit Fees ✓	Rs 20,000 p.a.
Repairs and Maintenance ✓	Rs 48,000 p.a.
Administrative Charges ✓	Rs 16,000 p.a.
Driver Wages ✓	Rs 2,00,000 p.a.
Conductor Wages ✓	Rs 1,00,000 p.a.
Repairs of Tyre-tube	Rs 16,000 pa.
Diesel and Oil per kilometre	Rs 50
Annual Interest on loan ✓	Rs 12,000 p.a.

Effective life of the vehicle is estimated at 5 years at the end of which it will have a scrap value of Rs 2,00,000. Minibus has 30 seats and is planned to make 6 number two-way trips for 25 days per month. Provide profit @ 25% of total revenue.

Q4 A. Multiple Choice Questions

(08)

1. Contribution is the test of _____.
 - a. Sales
 - b. Profitability ✓
 - c. Production
 - d. Resource Allocation

2. When fixed cost increases, the break-even point -----
 - a. Increases ✓
 - b. Decreases twice to change in fixed cost
 - c. Remains Constant
 - d. Decreases in the same proportion to change in fixed cost

3. _____ is the difference between the Budgeted value of sales and the Actual value of sales
 - a. Sales Volume Variance
 - b. Sales Value Variance ✓✓
 - c. Sale Price Variance
 - d. Sales Sub variance

4. Master Budget is summary of
 - a. Production Budget
 - b. Sales Budget
 - c. Cash Budget
 - d. All functional budgets ✓

5. A factor that limits the activities of an undertaking and which is taken into account while preparing a budget is known as _____.
 - a. Budget Manual
 - b. Budget Controller ✓
 - c. Budget Key factor
 - d. Budget Centre

6. Air India in order to fix the ticket fare must use ----- costing.
 - a. Standard Costing
 - b. Operating Costing ✓
 - c. Process Costing
 - d. Job Costing

7. Labour efficiency variance is favourable when
 - a. Actual hours are less than standard hours ✓
 - b. Standard hours are less than actual hours
 - c. Actual labour rates are less than standard rates
 - d. Standard labour rates are less than actual rates

8. Recovered Overheads is calculated as follows
- Actual Hours Multiply by Actual Rate
 - Actual Hours Multiply by Standard Rate
 - Standard Hours for Actual Output Multiply by Standard Rate —
 - Budgeted Hours Multiply by Standard Rate

Q4 B. Match the Column.

(07)

A	B
1. Break- Even Analysis 7	Remains static irrespective of change in volume 1
2. Increase in Price 3	Top-to - Bottom – Top approach 2
3. Uncontrollable Causes 6	Higher Margin of Safety 3
4. Fixed Budget 1	Per Kilowatt- hour 4
5. Zero based Budget 2	Per kilometre 5
6. Simple Cost Unit 5	Shut down to COVID 19 6
7. Composite Cost Unit 4	Make or Buy Decision 7

Q5. Write short notes on any 3

(15)

- Performance Budget
- Forecasting v/s Budget
- Overhead Variance
- Advantages of Marginal Costing
- Absorption Costing

Time : 2.30 Hrs

[Total Marks : 75]

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(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 the general responsibilities of Ethics Committee.

[07]

Q. 1 (B) : Elucidate 'Work Ethos' and the factors affecting it.

[08]

OR

Q. 1 (C) : Explain the Utilitarianism Theory.

[07]

Q. 1 (D) : Analyze the Emergence of New Values in Indian Industries after Economic Reforms of 1991.

[08]

Q. 2 (A) : Explain the importance of Corporate Governance.

[07]

Q. 2 (B) : Elucidate the Ethics in Finance and Accounting.

[08]

OR

Q. 2 (C) : Which are the Elements of good Corporate Governance ?

[07]

Q. 2 (D) : Elucidate the Protection of Stake-Holders.

[08]

Q. 3 (A) : Explain any two elements under the Scope of Corporate Social Responsibility.

[07]

Q. 3 (B) : Elucidate the Drivers of CSR.

[08]

OR

Q. 3 (C) : How the integration of CSR into business be achieved?

[07]

Q. 3 (D) : Analyze the role of NGOs and International Agencies in CSR.

[08]

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

[05]

- 1) _____ theory holds that consequences of an act determine whether the act is good or bad. (a) Deontological (b) Teleological (c) Justice (d) Egoism
- 2) _____ is an ethical issue in Information Technology. (a) Misuse of funds (b) Defective products (c) Software Piracy (d) Sexual harassment

- 3) _____ percentage amount of net profit of companies is required to be used as CSR. (a) 2 (b) 1.5 (c) 3 (d) 2.5
- 4) _____ meets the needs of the present without compromising the ability of future generations to meet their own needs. (a) Sustainable Development (b) Pollution (c) Unemployment (d) Poverty
- 5) _____ is one of the companies in the failure of Corporate Governance in India. (a) Mahindra (b) Birla (c) Reliance (d) Enron

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

[05]

- 1) There is a difference between ethics and morality. ✓
- 2) Copyright refers to the legal right of the owner of intellectual property. ✓
- 3) Tata group has run the 'Nanhi Kali' project.
- 4) Organisations do not involve their employees in implementing their CSR. ✓
- 5) Large business firms in India, set up their own foundation/trust to undertake CSR activities. ✓

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

[05]

Group 'X'		Group 'Y'	
1.	Milton Friedman	a	To promote CSR activities through different social media
2.	Kumar Managalam Birla Committee	b	To promote and raise the standards of good corporate Governance
3.	Policies under Schedule VI of Companies Act, 2013	c	To set protocol for implementing environmental management programs
4.	Communication on CSR	d	To eradicate extreme hunger and poverty
5.	ISO 14,000	e	To exclude Corporate Social Responsibility

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

[15]

- (A) CSR and Environmental concerns.
- (B) Factors influencing CSR policy.
- (C) Role of HR professionals in CSR.
- (D) CSR and Sustainable Development.
- (E) CSR through Triple Bottom Line

Time : 2:30 Hrs

[Total Marks : 75]

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(3) Figures to the right indicate full marks of questions.
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- Q.1 Answer the following question. 15
✓ A. Explain strategic management and discuss its benefits.
✓ B. Comment on business environment and state its components.

OR

- A. Explain different kinds of Functional Strategies.
B. Comment on different levels of strategies.

- Q.2 Answer the following question. 15
✓ A. What are the different stages of strategy formulation?
✓ B. Briefly discuss about SWOT.

OR

- A. Write in detail about ETOP.
B. What is resource allocation? State its importance.

- Q.3 Answer the following question 15
A. Comment on corporate restructuring strategies.
B. Elaborate strategic alliance.

OR

- A. Briefly discuss about PPP.
✓ B. Write a note on role of IT sector in Indian business environment.

- Q.4 A. Fill in the blank. 05

1. The word 'strategy' has been derived from _____ word.
a. Greek b. Latin. C. French d. English
2. Business Environment mainly consists of two types of factors namely internal and _____ environmental factors
a. external b. social c. political d. economical
3. The Divestment Strategy is a _____ strategy.
a. retrenchment b. Layoff c. Developmental d. business
4. Public-private partnership (PPP) is often defined as a _____ type of contract.
a. long b. short c. brief d. major
5. The Make in India initiative was launched by Prime Minister in September _____.
a. 2014 b. 2015 c. 2016 d. 2017

B. Match the column. 05

- | | |
|-----------------------|-------------------------------|
| 1. SBU | 2 a. Firms Business |
| 2. Mission | 3 b. General Electric Company |
| 3. Strategic Alliance | 4 c. Dual Mode |
| 4. Hybrid Delivery | 5 d. French Word |
| 5. Disaster | 1 e. Preparedness |

C. True or False.

1. Natural disasters are mostly man made. ✓
2. BOT mostly deals with minor projects. ✓
3. In PPP model major role played by government. ✓
4. SWOT is used to analysis of business health. ✓
5. QUEST is deals with environmental scanning. ✓

05

Q.5 Write Shot Notes (Any Three)

- A. BPO
- B. KPO
- C. Reengineering Business Processes
- D. Disaster Management
- E. Make in India Policy

15
