



I Semester B.B.M. Examination, Nov./Dec. 2014  
(2012-13 and Onwards) (New Syllabus) (Repeaters)  
**BUSINESS MANAGEMENT**  
Paper – 1.6 : Market Behaviour and Cost Analysis

Time : 3 Hours

Max. Marks : 100

**Instruction :** Answers should be written in **English** only.

SECTION – A

1. Answer **any eight** sub-questions. Each sub-question carries **two** marks : (8×2=16)
- a) What is Administered pricing ?
  - b) What is cross elasticity of demand ?
  - c) Mention the components of time series.
  - d) What is dumping ?
  - e) Define uncertainty.
  - f) What is demand forecasting ?
  - g) State two limitations of profit maximisation.
  - h) What is sample survey method ?
  - i) Bringout the exceptions to the law of demand.
  - j) What is marginal costing ?

SECTION – B

Answer **any three** questions. Each question carries **eight** marks. (3×8=24)

- 2. What is demand curve ? Why does demand curve slopes downwards ? Give reasons.
- 3. What is pay back period ? What are the advantages and disadvantages of payback method ?

P.T.O.



4. Find out price elasticity of demand based on total outlay method, show the graphical representation.

Situation	Price per unit ₹	Quantity demanded in units
A	18	500
	16	650
	14	850
B	12	650
	10	750
	8	900
C	6	1200
	4	1800
	2	3600

5. Maximise profit ( $\pi$ ) =  $3x + 6y$

subject to  $3x + y \leq 48$

$x + 3y \leq 48$

Where  $x \geq 0, y \geq 0$

Solve by using graphical method.

### SECTION – C

Answer Question No. 10 and **any three** of the remaining questions. **Each** question carries **fifteen** marks. (4×15=60)

6. Briefly explain the economic, social, human and national goals of a business firm.
7. Briefly explain the various methods of pricing.
8. Write short notes on **any three** :
  - a) Margin of safety
  - b) Exceptions to the Law of demand
  - c) Transfer pricing
  - d) Income elasticity of demand



9. From the following particulars calculate BEP.

Sales ₹ 2,00,000

Variable cost ₹ 1,20,000

Fixed overheads ₹ 30,000

Also calculate :

1) New BEP if selling price is reduced by 10%

2) New BEP if selling price is increased by 10%.

10. A firm's cost of capital is 10%. It is considering two mutually exclusive projects X and Y. The details are given below :

Particulars	Project X	Project Y
	₹	₹
Investment	1,40,000	1,40,000
Net cash inflow year		
1	20,000	1,20,000
2	40,000	80,000
3	60,000	40,000
4	90,000	20,000
5	1,20,000	20,000

Compute net present value

Year	1	2	3	4	5
P.V. factor @ 10%	0.909	0.826	0.751	0.683	0.621