

MAY 2011

**P/ID 77505/PMBE/
PMB1E**

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Describe managerial economics.
2. Describe probability analysis.
3. Elucidate optimization.
4. Describe payback period in investment analysis.
5. Describe cost analysis.
6. Explain about the break even analysis.
7. Write a short note on economic growth.
8. Describe the features of MRTP Act.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Explain multivariate optimization.
10. Explain the long run and short run cost functions.
11. Explain the methods of forecasting.
12. Explain the pricing methods.
13. Explain input-output analysis.
14. Explain the value chain model.
15. Explain the economic view of advertising.
16. Explain the theory of income determination.

PART C — (20 marks)

Compulsory.

17. Calculate Internal Rate of Return and suggest a project.

Project	A	B
Initial Investment (Rs.)	18,00,000	18,00,000
Estimated life period (years)	6	6

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Project	A	B
Inflows		
First year (Rs.)	3 Lakhs	8 Lakhs
Second year (Rs.)	5 Lakhs	7.75 Lakhs
Third year (Rs.)	5 Lakhs	7.5 Lakhs
Fourth year (Rs.)	6.5 Lakhs	6 Lakhs
Fifth year (Rs.)	7 Lakhs	6 Lakhs
Sixth year (Rs.)	6 Lakhs	6 Lakhs

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