



SN – 652

I Semester B.Com. Examination, November/December 2013  
(Semester Scheme)  
(New Syllabus) (2012-13 & Onwards)  
COMMERCE

1.4 : Market Behaviour and Cost Analysis

Time : 3 Hours

Max. Marks : 100

**Instruction :** Answers should be written completely either in **English** or in **Kannada**.

SECTION – A

1. Answer any **10** sub questions. **Each** question carries **2** marks. **(2×10=20)**
- a) Point out the differences between firm and Industry.
  - b) Give the meaning of wealth maximisation.
  - c) What is supply curve ?
  - d) Give any four reasons for aiming at reasonable profits.
  - e) State any four types of business decisions.
  - f) Point out any four reasons for law of demand.
  - g) What is demand forecasting ?
  - h) What is marginal cost ?
    - i) What is CVP analysis ?
    - j) Bring out the meaning of administered pricing.
  - k) State the meaning of cost of capital.
    - l) What is capital budgeting ?

P.T.O.



## SECTION - B

Answer **any four** questions. **Each** question carries **8** marks.

(8×4=32)

2. What is profit maximisation? State the arguments in favour of profit maximisation objective.
3. Discuss the steps involved in business decision making.
4. With the help of following data, find out price elasticity of demand by adopting total outlay method and show the graphical representation.

Price per unit Rs.	Quantity demanded Units
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a) 12	500
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10	650
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08	900
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b) 12	500
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10	600
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08	750
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c) 12	500
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10	525
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08	625
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5. From the following data, find out TFC, TVC, AFC, AVC, AC and MC.

Units of output	0	1	2	3	4	5	6	7	8
Total cost (in Rs.)	50	80	105	125	140	150	170	200	250

6. Briefly discuss the pricing over the life cycle of a product.



SECTION - C

Answer any 3 questions. Each question carries 16 marks.

(16×3=48)

- 7. Discuss price elasticity of demand and its forms in detail.
- 8. Write short notes on the following :
  - a) Types of price discrimination
  - b) Alternate objectives of business
  - c) Cost of share capital
  - d) Linear programming.

9. Given below are the figures of sales in Lakhs Rupees.

Year	2006	2007	2008	2009	2010	2011	2012
Sales (in Lakh Rs.)	80	130	144	138	120	174	190

- a) Calculate the trend values by the method of least square
- b) Predict the sales for next 2 years.

10. Rohan a sole trader needs help to choose between 2 projects X and Y. The capital outlay of 2 projects are Rs. 2,50,000 and Rs. 4,00,000. Anticipated cash in flow after tax.

	Year 1 Rs.	Year 2 Rs.	Year 3 Rs.	Year 4 Rs.	Year 5 Rs.
Project X	-	60,000	1,80,000	1,20,000	80,000
Project Y	90,000	1,60,000	1,50,000	1,70,000	90,000

Rohan's cost of capital is 16%. You are to make an appraisal of the two offers and advise by using (a) Pay back period (b) Net present value  
Present value of Re. 1 at 16%

Year-1	Year-2	Year-3	Year-4	Year-5
0.862	0.743	0.641	0.552	0.476