Calcutta University Undergraduate
Semester IV Examination- 2020
Subject: ECOA
Paper: SEC-II/ Managerial Economics

F.M: 50 **Date: 7/12/2020** **Time: 2pm-3pm**

[Internal Assessment Full Marks:10]

1. **Objective type questions: 2*5=10**

i. **Which of the following forecasting method is suitable for launching new products:**
   a) **Judgemental methods**
   b) **Moving average method**
   c) **Market research**
   d) **Casual model**
   e) **Exponential smoothing**

ii. **The measure of forecast error which calculates the average of the square of the forecast is known as:**
   a) **Mean absolute deviation**
   b) **Mean absolute percentage error**
   c) **Mean error**
   d) **Mean square error**

iii. **When the fixed cost is divided into contribution margin per unit, it gives**
   a) **Fixed output**
   b) **Variable output**
   c) **Breakeven number of units**
   d) **Total number of units**

iv. **Which of the following is not used in capital budgeting?**
   a) **Time value of money**
   b) **Sensitivity analysis**
   c) **Net assets method**
   d) **Cash flows**

v. **'Buffer stock' is the level of stock**
   a) **Half of the actual stock**
   b) **At which the ordering process should start**
   c) **Minimum stock level below which actual stock should not fall-Ans**
   d) **Maximum stock in inventory**

[Theory Full Marks:40]

2. **Short answer type question: 5*2=10 (Any two)**
   i. **Explain briefly about Economic Order Quantity (EOQ). 5**
   ii. **What are the different steps in capital budgeting? 5**
   iii. **Which forecasting technique is most suitable for long range forecast? 5**

3. **Answer any two: 15*2=30**

1. **What is capital budgeting? What is the need for capital budgeting? 15**
2. **What is inventory management? What are the different types of inventory management? 15**
3. **Explain the different techniques adopted for capital budgeting. 15**