

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 7025

Roll No.

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M.B.A.

(SEM. I) EXAMINATION, 2008-09
MANAGERIAL ECONOMICS

Time : 3 Hours]

[Total Marks : 100

- Note :*
- (1) Attempt all questions.*
 - (2) The figures in the **right hand margin** indicate marks.*

1 Answer any **four** in about 150 words each : **5×4=20**

- (a) Distinguish between the principle of time perspective and time value of money.
- (b) 'Managerial economics is the study of actual business behaviour and has nothing to do with the economic theory'. - Comment.
- (c) Explain mobility of factors of production.
- (d) The total cost function is
$$TC = 50 + 4Q + 2Q^2$$
Find the marginal and average cost functions.
- (e) The GNP in a country is Rs. 850 crores. The capital consumption allowance is Rs. 130 crores; the indirect taxes are Rs. 120 crores while subsidies are Rs. 60 crores. Find the value of NNP and National Income.
- (f) Explain skimming pricing strategy.



2 (a) Explain with an example the use of incremental principle in business decision making. 10

(b) Explain the factors which determine the demand of a product. 10

OR

(a) The price elasticity of a product is 1.5. Should the seller raise the price, if his objective is to maximise sales revenue. Explain with reasons. 10

(b) If the demand for foodgrains is to be forecast for the country, what method of forecasting should be used? 10

3 (a) If you keep some factors as constant and increase only one factor, then how will the total and marginal products change? 10

(b) Explain the internal economies of scale. How do the economies become diseconomies? 10

OR

(a) What is a 'Production function' and what is its significance? Given is a production function $Q = 50 L^{.5}K^{.5}$ 10

where Q is output and L and K are quantities of labour and capital respectively.

Find the output when $L=25$ and $K=64$.

(b) Draw the following cost curves : 10

(i) Average fixed cost curve

(ii) Total variable cost curve when marginal cost is increasing

Briefly explain their shapes.



(a) What do you understand by monopolistic competition? How is it different from perfect competition? 10

(b) What is 'shut down point'? Take a suitable example to explain shut down point. 10

OR

(a) Explain Baumol's sales maximisation model of firm's behaviour. How is it different from profit maximization? 10

(b) What is a 'kinked demand curve'? What is the assumption behind such a demand curve? 10

(a) Suppose the national income at current prices for 2004 is Rs. 10,000 crores. This was only Rs. 8000 crores in the year 2000. If the price index for 2004 is 130 (base 2000=100), can we say that they has been a real increase in national income? 10

(b) Differentiate between the production method and income method of measuring national income. Would they give the same result? 10

OR

(a) What do you understand by the term inflation? How is it to be measured? 10

(b) Write a brief note on Business Cycle. 10



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Roll No.

M.B.A.

(SEM. I) EXAMINATION, 2007-08

MANAGERIAL ECONOMICS

Time : 3 Hours

[Total Marks : 100

- Note :*
- (i) Attempt all questions.*
 - (ii) The figure in the **right** hand margin indicate marks.*

1 Answer any **four** of the following in about **250** **5×4** words each :

- (a) Managerial economics bridges the gap between 'Economic Theory' and 'Business Practice'. Explain the statement.
- (b) Explain the difference between the 'Price Elasticity of Demand' and 'Income Elasticity of Demand'.
- (c) Enumerate the basic assumptions underlying the demand forecasting.
- (d) Bring out the points of difference between 'Perfect Competition' and 'Imperfect Competition'.
- (e) Differentiate between collusive and non-collusive oligopoly.
- (f) Explain the utility of demand analysis for a firm.



(a) Explain how the managerial economics is related to the economics, statistics, mathematics and accounting. 10

(b) Discuss the concept of 'production function' and show with illustrations its importance in theory of production. 10

OR

(a) Explain with example the 'law of demand' and discuss its main characteristics. What are the exceptions to law of demand? 10

(b) Explain clearly the relationship between AR (average revenue); MR (marginal revenue) and e (elasticity of demand). 10

(a) How are the prices determined under perfect competition? Explain with the help of suitable diagrams. 10

(b) Explain the concept of 'price discrimination'. What are the three degrees of price discrimination? 10

OR

(a) What do you understand by National Income? Explain any one method of your choice to measure National Income. 10

(b) State the importance of cost control in profit planning and discuss the various areas of cost control. 10

(a) What is meant by 'demand schedule'; 'demand curve' and 'demand function'? Show how market demand is calculated from individual demand? 10

(b) Discuss the factors affecting the demands for **10**

(i) Non-durable consumer goods; and

(ii) Capital goods.

OR

Discuss briefly the various methods of forecasting demand and point out their limitations. What are the criteria of a good forecasting method ? **20**

Write note on any **two** of the following : **10+10**

(a) Micro Vs Macro economics

(b) Fundamental principles of managerial economics

(c) Laws of production

(d) Business cycle.

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MBA

FIRST SEMESTER EXAMINATION, 2006-07

MANAGERIAL ECONOMICS

Time : 3 Hours

Total Marks : 100

- Note :
- (i) Attempt *ALL* questions.
 - (ii) All questions carry equal marks.
 - (iii) Be precise in your answer.

1. Attempt *any four* parts of the following : (5×4=20)
- (a) Illustrate the relationship of managerial economics with other relevant academic disciplines.
 - (b) State and explain the relevance and importance of economics to management.
 - (c) Identify and explain the important determinants of demand.
 - (d) What are different factors of Production ? Give their respective characteristics.
 - (e) Enumerate the important factors governing the pricing decisions.
 - (f) What is business cycle and what are its various phases ?

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Describe the five fundamental concepts of managerial economics and examine the role of managerial economics in the managerial decision-making. (20)

OR

Briefly describe the concept of 'National Income'. Also state and explain the various methods of the measurement of national income. (20)

- (a) What is Elasticity of Demand ? Highlight its role in business decision-making. (10)
- (b) What are different methods of demand forecasting? Explain the 'trend projection' and 'collective opinion' methods of demand forecasting. (10)

OR

- (a) Show the relationship between the short-run average cost and long-run average cost. (10)
- (b) Discuss briefly the various cost concepts that are relevant to planning and control functions in an industrial organisation. (10)

- (a) What are salient features Perfect Competition ? How is the price policy determined under perfect competition ? (10)
- (b) State the 'Monopoly' and 'Monopolistic' market conditions and trace a line of difference between the two. (10)

OR

- (a) What is Inflation ? What are the causative factors to the inflation ? (10)
- (b) How is price policy affected by the various phases of a product's life cycle ? Suggest a price policy for a product which is still in its very first phase of life cycle. (10)

Write notes on *any two* of the following : (20)

- (a) Demand Schedule and Demand Functions
- (b) Price Elasticity Vs Income Elasticity of Demand
- (c) Oligopoly Market
- (d) Laws of Production

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MBA

FIRST SEMESTER EXAMINATION, 2005-2006

MANAGERIAL ECONOMICS

Time : 3 Hours

Total Marks : 100

- Note :**
- (i) Attempt *ALL* questions.
 - (ii) All questions carry equal marks.
 - (iii) In case of numerical problems assume data wherever not provided.
 - (iv) Two figures in the right hand margin indicate marks.
 - (v) Be precise in your answer.

1. Attempt *any four* of the following in about 150 words each : (5x4=20)

- (a) How is managerial economics related to psychology and politics ?
- (b) Explain 'Delphi' method of demand forecasting.
- (c) Distinguish between expansion of demand and increase of demand.
- (d) The total cost function is,

$$TC = 162 + 3Q + 2Q^2$$

find the average cost at an output level of 6 units.

- (e) Distinguish between accounting profit and economic profit.
- (f) Explain national income at constant prices.

- (a) Explain the use of economic principles in business decision making with respect to market theory. (10)
- (b) Explain the use of incremental principle and equi-marginal principle. (10)

OR

- (a) The demand function is as follows :

$$Q_D = 30 - 1.5P$$

Where Q_D is quantity demanded and P is price. Find the elasticity of demand at a price of Rs. 16. (10)

- (b) What method of demand forecasting would you use for forecasting the demand of a new product ? (10)

- (a) Distinguish between Returns to a Factor and Returns to Scale. (10)
- (b) What do you understand by 'Equal product curves' ? What are their properties ? (10)

OR

- (a) Explain the relationship between short run average cost curve and marginal cost curve. Why are they 'U' shaped ? (10)
- (b) What do you understand by the 'Learning Curve' ? (10)

- (a) In a perfectly competitive market the demand and supply functions are as follows :

$$Q_D = 100 - 2P$$

$$Q_S = 10 + 3P$$

Where Q_D and Q_S are quantities demanded and supplied and P is price.

- (i) Find the equilibrium price in the market.
(ii) What will happen if the government fixes a price of Rs. 15 ? (10)
- (b) Differentiate between market period, short period and long period. (10)

OR

- (a) Explain a firm's equilibrium in a monopolistic market when that firm is suffering losses. (10)
- (b) Whether price discrimination is justified? Give some examples of price discrimination in practice. (10)

- (a) What do you understand by Gross National Product (GNP)? How is it different from Net National Product (NNP) and National Income (NY)? (10)
- (b) What are the common characteristics of business cycles? (10)

OR

- (a) What method should be used to avoid double counting in the measurement of GNP? (10)
- (b) What do you understand by inflation? How inflation affects employment in the economy? (10)

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MBA

FIRST SEMESTER EXAMINATION, 2004-2005

MANAGERIAL ECONOMICS

Time : 3 Hours

Total Marks : 100

- Note :** (i) *Attempt ALL questions.*
(ii) *The figures in the right hand margin indicate marks.*

1. Answer *any four* of the following in about 250 words each :— **(5x4=20)**
- (a) "Managerial Economics is economics applied in decision - making". Explain.
 - (b) Explain the importance of demand analysis to a sales manager of a business firm. Also, discuss the important determinants of demand.
 - (c) Define and explain the price elasticity of demand.
 - (d) Explain the nature of distinction between the incremental costs and sunk costs.
 - (e) "All direct costs are variable and all indirect costs are fixed". Do you agree ? If yes, why and if not, why not ?

(f) What are the main features of 'Monopoly' and how does it differ from perfect competition ?

2. (a) Briefly explain the five principles that are basic to the entire gamut of managerial economics. 10

(b) Explain and illustrate the relationship of Managerial Economics with Statistics, Mathematics, Accountancy and Economics. 10

OR

(a) Examine the role of price, income, prices of related goods and advertising on factors determining demand. 10

(b) Explain the concept of income elasticity of demand and explain its role in business decisions. 10

3. (a) Illustrate, with suitable examples, the concepts of 'demand schedule' and 'demand function'. 10

(b) Examine the 'trend projection method' and 'collective opinion method' of demand forecasting. 10

OR

(a) Discuss briefly the various cost concepts relevant to managerial decisions regarding planning and control. 10

(b) Define 'production function'. Explain and illustrate isoquants and isocost curves. 10

4. (a) What are the main features of perfect competition ? How does a firm adjust its price policy in a perfectly competitive market ? 10

- (b) What is monopoly ? State the factors that give rise to monopoly. Also distinguish between monopoly and monopsony. 10

OR

- (a) Discuss the method of cost plus - pricing and state its limitations. Enumerate the cases where it is found to be suitable. 10

- (b) What is product life cycle ? What are its main phases and how is the pricing policy of a firm affected by these different phases of product life cycle. 10

5. Write notes on *any two* of the following : (10+10)

- (a) Law of demand
(b) Cross - elasticity of demand
(c) Production concepts
(d) Pricing under oligopoly