

MBA
(SEM-I) THEORY EXAMINATION 2019-20
MANAGERIAL ECONOMICS

Time: 3 Hours**Total Marks: 70****Note: 1.** Attempt all Sections. If require any missing data; then choose suitably.**SECTION A****1. Attempt all questions in brief.****2 x 7 = 14**

a.	What are the uses of the concept of elasticity of demand?
b.	Explain discounting principle.
c.	State the merits and demerits of regression analysis as a method of demand forecasting.
d.	State the assumption of law of variable proportion.
e.	Distinguish between inflation and deflation.
f.	What is meant by replacement cost and historical cost?
g.	What is the role of managerial economist in decision-making in business?

SECTION B**2. Attempt any three of the following:****7 x 3 = 21**

a.	Discuss the nature and scope of managerial economics. What are the other related disciplines?
b.	Explain the percentage method of determining price elasticity of demand with an example.
c.	Explain the law of variable proportions. In what stage will a rational producer prefer to operate?
d.	Distinguish between skimming price and penetration pricing policies. Which of these policies is relevant in pricing a new product under competitive conditions in the market?
e.	What is meant by national income? Briefly explain the importance of estimation of national income.

SECTION C**3. Attempt any one part of the following:****7 x 1 = 7**

(a)	Define managerial economics and explain its scope in the context of present day business environment.
(b)	What is the basis of opportunity cost? Under what conditions is the opportunity cost equal to zero?

4. Attempt any one part of the following:**7 x 1 = 7**

(a)	List the possible consequences if a large-scale firm places its product in the market without its demand estimation.
(b)	When prices of both substitutes and complements of a commodity, say X, rise, what happens to the demand for commodity Y? Also show the changes on graph.

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5. Attempt any *one* part of the following:

7 x 1 = 7

(a)	Calculate TFC, TVC, TC, MC and AC based on the following cost function $TC = 60 + 10Q$
(b)	What is meant by diseconomies of scale? How do diseconomies affect the return to scale?

6. Attempt any *one* part of the following:

7 x 1 = 7

(a)	Define oligopoly. What is the basic difference between oligopoly and monopolistic competition? In which of the two kinds of markets price and output are indeterminate?
(b)	Illustrate the features of market and also determine the factors responsible for the extent of market?

7. Attempt any *one* part of the following:

7 x 1 = 7

(a)	Explain the various kinds of inflation? How do they differ from one another?
(b)	What is value added? Explain the value added method of estimating national income.