

END TERM EXAMINATION

FIRST SEMESTER [MBA] DECEMBER - 2012

Paper Code: MS 105

MS(FM)105

MSP105

Subject: Managerial Economics (New)

Time : 3 Hours

Maximum Marks :60

Note: Attempt all questions.

- Q1. Comment on the following any four: (3x4=12)
- (a) Managerial economics is prescriptive in nature.
 - (b) Elasticity of demand is important in decision making by business firms.
 - (c) Isoquants are convex to the origin.
 - (d) MC curve is competitive firm's supply curve.
 - (e) Economic growth is different from economic development.
- Q2. "Managerial economics bridges the gap between abstract theory and business practices. It uses tools of economic analysis in classifying problems, in organizing and evaluating information and in comparing alternative courses of action." Outline the nature and scope of managerial economics in the light of this statement. (12)
- Or
- "While economics is the main subject studied under managerial economics, which other disciplines are useful in the study of managerial economics." Explain the relationship of managerial economics with other disciplines.
- Q3. What are the objectives of demand forecasting? Explain the various methods of demand forecasting pointing out their merits and demerits. (12)
- Or
- Distinguish between short term and long-term production function. Discuss the properties, managerial uses, and limitations of Cob Douglas production function.
- Q4. (a) In Nash equilibrium each firm adopts the best strategy. (4)
(b) Prices tend to be rigid under oligopoly. Explain, under what condition would an oligopolist charge a price different from one that occurs at the limit? (8)
- Or
- (a) "For output less than long-run optimum level, it is more economical to underuse a slightly larger plant operating at less than its minimum cost output. Conversely, at outputs beyond the optimum level, it is more economical to overuse slightly smaller plant." Explain the proposition showing the relationship between short-term and long-term average cost curves. (8)
- (b) Explain the importance of product differentiation and selling cost under monopolistic competition. (4)
- Q5. Write notes on any three. (4x3=12)
- (a) Incremental concept
 - (b) Expansion path
 - (c) Non price competition
 - (d) Measurement of national income
 - (e) Importance of macro economics