I Semester M.B.A. (Day) Degree Examination, February 2012
(Scheme : 2007-08)
MANAGEMENT
Paper – 1.4 : Managerial Economics

Time : 3 Hours   Max. Marks : 75

SECTION – A

1. Answer **any six** questions :   (6×2=12)

   a) What is meant by production function ?

   b) What are the causes of diminishing return ?

   c) Define marginal cost.

   d) What is transfer earnings ?

   e) Define cartel.

   f) What is economics of scope ?

   g) What is dumping ?

   h) What is welfare triangle ?

SECTION – B

Answer **any three** questions :   (3×8=24)

2. How least cost combination is determined using a map of isoquants and isocost ?

3. What is meant by production possibility curve ? How can central problem of an economy be explained by it ?

4. Suppose the demand function for komal butter in a town is estimated to be :

$Qd = 600 - 5P$

Where, Qd is quantity demanded of butter (in 000 kgs per week) and P stands for price.

   a) Estimate at what price, demand would be zero.

   b) Calculate quantity demanded at alternative prices : Rs. 25, Rs. 50.

5. Distinguish between increase in demand and extension of demand.

6. Why is short run average cost curve u-shaped ?

SECTION – C

Answer **any two** of the following question :   **(2×12=24)**

7. Describe the main features of oligopoly. Explain the kinked demand hypothesis of oligopoly market.

8. Distinguish between law of return to a variable factor and law of return to scale.

9. Write short notes on :

   a) Marris's growth model of a firm

   b) Baumol's model of sales maximization.

SECTION – D
Compulsory   **(1×15=15)**

10. A company has the following data : Estimate sales for 1986.

Year	Sales
1980	100
1981	107
1982	128
1983	140
1984	181
1985	192

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