



I Semester M.B.A. (Day) Examination, February/March 2014
(2007 – 2008 Scheme)

MANAGEMENT

Paper – 1.4 : Managerial Economics

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer **any six** of the following sub-questions. **Each** carries **two** marks. (6×2=12)
- What is Marginal Analysis ?
 - Give the meaning of 'Substitution Effect'.
 - What is MAD in forecasting ?
 - What is Diminishing Marginal Returns ?
 - Give any two examples for economics of scope.
 - What is learning curve effect ?
 - Define 'Market Equilibrium'.
 - What is profit according to rent theory ?

SECTION – B

Answer **any three** of the following questions. **Each** carries **eight** marks. (3×8=24)

- Explain the importance of mathematical functions in managerial economics with a suitable examples.
- Demand function of a product is given by
$$Q_x = 100Q - 10Q^2$$
Determine the demand of the given product at various prices from Rs. 1 to Rs. 8. Also determine its price elasticity between Rs. 6 and Rs. 8.
- Explain the producer's equilibrium position with the help of Isoquants.
- Graphically show the behaviour of short run cost curves. Also show the minimum average variable cost in short run.
- Explain the three degrees of monopoly prices with suitable examples.

P.T.O.



SECTION – C

Answer **any two** of the following questions. **Each** question carries **twelve** marks. (2×12=24)

7. Discuss the managerial application of fundamental concepts of managerial economics.
8. Explain, price elasticity of demand and how it helps managers in determining marginal revenue and profit.
9. Determine price output combination that will maximize the profits for monopolistic firm. Illustrate your answer with diagram.

SECTION – D
(Compulsory)

10. Read the following case/problem and answer.

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Age of the trucks and repair expenses are given below,

Age (in years)	1	3	3	5
Repair Expenses (Rs. in Thousand)	4	6	7	7

By using regression method, find out the repair expenses of :

- a) 4 years old truck
- b) 6 years old truck
- c) Explain the limitations of regression method as a forecasting technique.