I Semester M.B.A. Degree Examination, January/February 2015
(2007-08 Scheme)
Management
Paper – 1.4 : MANAGERIAL ECONOMICS

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer **any six** of the following. **Each** question carries **2** marks. (2×6=12)

   a) Define "Managerial Economics".

   b) Enumerate the types of overheads.

   c) Mention various types of Production theories.

   d) State four differences between Profit maximization and wealth maximization.

   e) Write a note on "Absolute Cost Advantage theory".

   f) What are the limitations of management accounting ?

   g) List out the theories of profit.

   h) What is Cobb-Douglas production function ?

SECTION – B

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

2. What are the functions of business managers ? How does economics helps business managers in performing their functions ?

3. Enumerate the sources of monopoly of a firm. Distinguish 'between a franchise monopoly and natural monopoly'.

4. Discuss the behavioral and managerial theories of the firm.

5. Delineate the qualitative techniques of demand forecasting.

6. What is inflation ? How does it affect economic growth and employment ?

SECTION – C

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

7. What are the major macroeconomic issues related directly to business decision-making ? What is their significance in business decisions ?

8. Critically examine the profit maximization as the objective of business firms. Explain the first and second order conditions of profit maximization.

9. Describe the fundamental perspectives of managerial Economics.

SECTION – D

10. Case Study (**Compulsory**).　　　　(1×15=15)

    ABC Company is contemplating manufacturing a product which can be sold for $ 10 per unit on the market. It has two production processes, between which it has to choose one, and only one. The following data have been collected for Q = 1,50,000 units of Production Process 1 Production Process 2.

	Process 1	Process 2
TVC	8,00,000	9,50,000
TFC	4,00,000	2,50,000

    a) Calculate the break-even point for each process.

    b) Which process should be used if there was a high probability of exceeding sales of 1,50,000 units ? Why ?

    c) Which process should be used if there was a high probability of selling considerably less than 1,50,000 units ? Why ?

    _____