Roll No. ☐☐☐☐☐☐☐☐☐☐☐☐☐   **Total No. of Pages : 03**

Total No. of Questions : 15

MBA/MBA(IB) (Sem.-1st)

MANAGERIAL ECONOMICS

Subject Code : MBA-105   (Batch-2012)

Paper ID : [C0105]

Time : 3 Hrs.   **Max. Marks : 60**

INSTRUCTION TO CANDIDATES :

1. **SECTION-A contains SIX questions carrying FIVE marks each and students has to attempt any FOUR questions.**
2. **SECTION-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.**
3. **SECTION-C is COMPULSORY and consist of ONE Case Study carrying EIGHT marks.**

SECTION-A

l. Explain law of equi marginal utility.

2. Explain the Opportunity Cost Principle.

3. Define demand and determinants of demand.

4. Explain Cost Function.

5. What is a kinked demand curve ?

6. Discuss Business Cycles.

SECTION-B

UNIT - I

7. Discuss the nature and scope of Managerial Economics. What is the relationship of Managerial Economics with other disciplines ?

8. What is an Indifference Curve ? What are its properties ?

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UNIT - II

9. Discuss various types of elasticities of demand. Also discuss how are they measured ?

10. What is a Production Function ? Explain short run and long run production function.

UNIT - III

11. Explain the various features of a Perfectly Competitive market. How is price and output of a commodity are determined under perfect competition ?

12. Write notes on :

   (a) Economies of Scale

   (b) Prisoner's Dilemma

UNIT - IV

13. "*India is passing through a phase of high Inflation*". In the light of this statement discuss the causes, effects and cures of Inflation for Indian Economy.

14. Write notes on (any **two**) :

   (a) Investment Multiplier

   (b) Measures of National Income

   (c) KUZ nets curve.

SECTION-C

Case Study

15. ABC Enterprises manufactures a desk designed as micro computer work station. Mr. Sham, its marketing manager has graduated from a reputed business school. Sham was anxious to apply some of the tools he has learnt and so estimated the demand function for desks in India as :

$$Q_d = -2 \cdot 8 + 2 \cdot 5Y - 8 \cdot 5P_d + 3 \cdot 5\ P_0 + 0 \cdot 19\ A$$
$$R^2 = 0 \cdot 87$$

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where

Q_d = Annual sales of desks (000 in numbers)

Y = Average Annual Income (000 of rupees)

P_d = Desk Price (000 of rupees)

P_0 = Price of related goods (000 of rupees)

A = Annual advertising budget (000 of rupees)

The current value of the independent variables are

Y = 16·5 P_0 = 2

P_d = 4   A = 200

(a) Estimate demand as per demand function.

(b) "*Is product desk a normal good or a giffen good*". Explain.

(c) What do the Co-efficient +2·5 and −8·5 represent, explain to us in the demand function.

(d) What does the value of R^2 = 0·87 represent ?