

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 7102

Roll No.

M.B.A.

(SEM. I) THEORY EXAMINATION 2011–12

MANAGERIAL ECONOMICS

Time : 3 Hours

Total Marks : 100

- Note :- (1) The question paper contains three parts.
 (2) All questions are compulsory.
 (3) The figures given in the right hand margin indicate marks.

PART-I

1. Attempt any four parts of the following in about 150 words each : (5×4=20)
- Define law of demand with the help of a diagram.
 - What are the uses of managerial economics ?
 - Distinguish between microeconomics and macroeconomics.
 - Explain the concept of 'Normal Profit'.
 - Define income elasticity of demand.
 - What is production function ? What are its types ?

5. Distinguish between perfect competition and monopolistic competition. How does a firm take its prices and output decisions under monopolistic condition ?

OR

Explain the various methods of pricing of a product. Which do you recommend and why ? (12½)

6. Define profit and discuss its main theories.

OR

What is National Income Analysis ? What are the different methods of calculating national income of a country ? Do they lead to the same result ? (12½)

Questions :

- (a) Will it be possible for the company to charge two different prices in Uttar Pradesh and Rajasthan? If yes, under what conditions, explain.
- (b) Given the volume of total production, supply will be transferred from Uttar Pradesh to Rajasthan or from Rajasthan to Uttar Pradesh.
(Transport cost for supplying the product is same for the company).

PART-III

3. Define managerial economics. Describe the relationship of managerial economics with other relevant academic disciplines.

OR

'The concept of elasticity is a versatile tool of economic analysis.' Discuss the validity of this statement with appropriate instances'.
(12½)

4. Define the concept of 'COST' as used in business. What do you understand by cost output relationship in short-run and long-run?

OR

What is demand forecasting? Explain the various methods of demand forecasting.
(12½)

2. Attempt all questions given at the end of the case study. Each question carries equal marks.

Henary Pvt. Ltd. was established in 2002. The company started manufacturing of tubelights with a brand name of 'Jyoti'. During initial 15 years, the company made good profits but gradually its profits declined due to competition from national brands. The promoters of the company had a committed team of engineers who were constantly working on Research and Development. Finally, they came out in the year 2010, with an innovative product, a unique ceiling fan 'Zetoc' which runs even at very low voltage and consumes less electricity. However, its speed is slow but the company is monopoly manufacturer of 'Zetoc'. The company is currently supplying its products in geographically separated markets of Rajasthan and Uttar Pradesh. The company is currently charging the same price in both the states. The chief Economist of the company has informed the top management that price elasticity of demand at currently charged price is 3 in Rajasthan and 5 in Uttar Pradesh. The top management is planning to charge two different prices in Uttar Pradesh and Rajasthan in order to make more profits.