

D 22202

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Name.....

Reg. No.....



FIRST SEMESTER M.B.A. DEGREE EXAMINATION, JANUARY 2012

Paper 1.4--MANAGERIAL ECONOMICS

(2009 Admissions)

Time : Three Hours

Maximum : 60 Marks

Part A

*Answer the following.
Each question carries 2 marks.*

1. What is macro economic approach ?
2. What is a demand curve ?
3. Define Ordinal utility.
4. What is point elasticity of demand ?
5. What are the criteria of a good forecasting method ?

(5 × 2 = 10 marks)

Part B

*Answer any four questions.
Each question carries 4 marks.*

6. Explain snob effect on market demand behaviour.
7. What are the differences between implicit cost and explicit cost ?
8. Explain the laws of returns to scale. Describe them using the Iso-quants.
9. Distinguish between Labour economics and Managerial economics.
10. Explain the effect of government interventions in market price behaviour.
11. A firm increases its advertising expenditure from Rs. 60,000 to Rs. 75,000. Its sales increase by 20 % from the initial volume of 90,000 units. Measure the promotional elasticity of demand.

(4 × 4 = 16 marks)

Part C

*Answer any three of the following.
Each question carries 7 marks.*

12. What are the different types of forecasting ? How can the firm determine the most suitable forecasting method to use ?
13. How is the "Law of diminishing Returns" reflected in the shape of the total product curve ?
14. What are the various phases of "Business Cycle" ?

Turn over

15. What is market equilibrium? Determine the market equilibrium price and quantities when demand and supply equations represented as

$$Q_d = 10 - 0.2 p, Q_s = 2 + 0.2 p.$$

16. If $Q = 1.01 L^{0.75} K^{0.25}$, estimate TP, average and marginal products of labor and capital when 10 workers are employed with 4 machines.

(7 × 3 = 21 marks)

Part D

Answer the following.

The question carries 13 marks.

17. Discuss inflation causes and effects on different sections of society.

(13 marks)