1419

MBA 1st Semester Examination

Managerial Economics (O.S.)

103

Time : 3 Hours   Max. Marks : 60

The candidates shall limit their answers precisely within the answer-book (40 pages) issued to them and no supplementary/continuation sheet will be issued.

Note :   Attempt Five questions in all, selecting one question from each unit. All questions carry equal marks.

UNIT - I

1.   "Economics is the science of choice when faced with unlimited ends and scarce resources having alternative uses." Comment on this statement.   **(12)**

2.   How does theory of firm provide an integrated framework for the analysis of managerial decision making across the functional areas of business? Discuss.   **(12)**

UNIT - II

3.   What is meant by incremental concept? How does it differ from marginal concept? Examine the time perspective concept in the context to incremental reasoning.   **(12)**

4.   "Managerial economics is a part of normative economics. It is pragmative and conceptual in nature." Comment on this statement.   **(12)**

UNIT - III

5.   State the various demand determinants and examine the law of demand along with its assumptions and exceptions.   **(12)**

6. Elaborate the objectives of demand forecasting and examine the various statistical methods of demand forecasting for established products. **(12)**

UNIT - IV

7. "All direct costs are variable and all indirect costs are fixed." Explain this statement. **(12)**

8. (a) What is the distinction between economic costs and accounting costs?

   (b) Which are important for calculating the economic profits of the firm? **(12)**

UNIT - V

9. A movie theatre Neelam has a fixed cost of Rs. 700 and an average variable cost of Rs. 200 per movie show. Suppose the theatre is able to separate its customers into two separate markets; general public and students, with the following demand functions:

   For general public : $100 \, P_G = 2000\text{-}3Q_G$
   For students   : $100 \, P_S = 1200\text{-}Q_S$

   where, P and Q are the price and quantity demand of show tickets respectively. If the theatre was allowed to discriminate,

   (a) How many movie show tickets would it sell in the two segments and what will be the price of a ticket for general public and students?

   (b) Compute the total profit made by the theatre.

   Assume that the objective of the theatre is profit maximization. **(12)**

10. Several factors affect the pricing of a product. Briefly discuss some of the important ones. **(12)**