CBCS SCHEME

USN | | | | | | | | | | 18MBA12

First Semester MBA Degree Examination, Dec.2018/Jan.2019
Managerial Economics

Time: 3 hrs. Max. Marks: 100

Note: ***1. Answer any FOUR full questions from Q1 to Q7.***
2. Question No. 8 is compulsory.

1 a. What is Agency Model? **(03 Marks)**
b. Explain the properties of Isoqunats. **(07 Marks)**
c. Explain the scope of Managerial Economics. **(10 Marks)**

2 a. Why under perfect competition "the firm is price takes and not price maker?" **(03 Marks)**
b. Explain the concept and principles of Managerial Economics. **(07 Marks)**
c. What is wealth maximization? What are the significance of wealth maximization? **(10 Marks)**

3 a. Define managerial economics. **(03 Marks)**
b. What is price elasticity of demand? What are the various price elasticities of demand? **(07 Marks)**
c. Explain the law of variable proportion with the help of neat diagram. **(10 Marks)**

4 a. What is the relationship between TVC, TFC and TC. **(03 Marks)**
b. Explain the Marris model of Managerial Enterprise. **(07 Marks)**
c. Describe the short-run cost output relation. **(10 Marks)**

5 a. What is break-even point? **(03 Marks)**
b. Explain the features of perfect competition. **(07 Marks)**
c. Explain law of demand. **(10 Marks)**

6 a. Why average cost curve is U-shaped? **(03 Marks)**
b. Explain the economics and dis-economics of scale. **(07 Marks)**
c. What are the uses and assumptions of BEA? And explain break even chart with neat diagram. **(10 Marks)**

7 a. What is fixed and variable cost with one example each? **(03 Marks)**
b. Explain the law of supply. **(07 Marks)**
c. Explain the price determination under monopolistic competition both under long and short run. **(10 Marks)**

8 CASE STUDY [Compulsory]

ABC Ltd provides you the following information for the year ending 31st March 2018.

i)	Normal capacity	– 2000 units
ii)	Selling price per unit	– Rs. 10
iii)	Direct material	– Rs. 2000
iv)	Direct wages	– Rs.2000
v)	Direct expenses	– Rs. 1600
vi)	Factory overheads (15% variable)	– Rs. 4000
vii)	Office and administration expenses (80% fixed)	– Rs. 4000
viii)	Selling and distribution expenses (75% fixed)	– Rs. 4000

You are required to calculate :

i) Profit volume ratio
ii) Break – even point in amount
iii) Break – even point (in %)
iv) Margin of safety (in units)
v) Margin of safety (in %). **(20 Marks)**

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