

CBCS SCHEME

18MBA12

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First Semester MBA Degree Examination, Jan./Feb. 2021 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 are Giffen goods? (03 Marks)
b. Differentiate between Fixed cost and variable cost. Give example. (07 Marks)
c. Explain briefly the objectives of a business firm. (10 Marks)
- 2 a. Define Managerial Economics. (03 Marks)
b. What is Price elasticity of demand? What are the various price elasticities of demand? (07 Marks)
c. What are uses and Assumptions of BEA? And explain break-even chart with diagram. (10 Marks)
- 3 a. Explain features of perfect competition. (03 Marks)
b. What are the exceptions to law of demand? (07 Marks)
c. What is kinked demand curve? What are its assumptions? (10 Marks)
- 4 a. What are different types of costs? (03 Marks)
b. Discuss law of variable proportion with diagram. (07 Marks)
c. What is economies of scale? Elaborate the factors influencing it. (10 Marks)
- 5 a. What is Accounting profit and economies profit? (03 Marks)
b. Explain different pricing strategies. (07 Marks)
c. Describe Baumol's model with graphical representation. (10 Marks)
- 6 a. Why average cost curve is U-shaped? (03 Marks)
b. Explain the scope of Managerial Economics. (07 Marks)
c. Explain price determination and equilibrium under perfect competition. (10 Marks)
- 7 a. What is Isoquants? (03 Marks)
b. Explain the principles of Managerial Economics. (07 Marks)
c. What are the roles and responsibilities of a Managerial Economist. (10 Marks)

8 Case – Study

Pepsi company produce a single article. Following cost data is given about its product.

Selling price per unit	Rs.	40
Marginal cost per unit	Rs.	24
Fixed cost per annum	Rs.	16,000

Calculate :

- i) P/V ratio
- ii) Break even sales
- iii) Sales to earn a profit of Rs. 2000
- iv) Profit at sales Rs. 60,000

(20 Marks)

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Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and/or equations written eg, 42+8=50, will be treated as malpractice.