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Total Number of Pages: 02

Course: MBA
Sub_Code: MBEV1001

1st Semester Regular Examination: 2024-25

SUBJECT: Managerial Economics

BRANCH(S): MBA, LSCM, HRM, IB, MBA (A & M), GM, FM&HRM, FM, BA, MM, RM, HCHM

Time: 3 Hours

Max Marks: 100

Q.Code: R429

Answer Question No.1 (Part-I) which is compulsory, any eight from Part-II and any two from Part-III.

The figures in the right hand margin indicate marks.

Part-I

Q1 Answer the following questions:

(2 x 10)

- a) State law of demand.
- b) What is Consumer equilibrium?
- c) What is Iso cost?
- d) Explain equi-marginal concept.
- e) Differentiate between demand estimation and demand forecasting.
- f) What is cost minimization in production?
- g) State the difference between economies of scale and economies of scope.
- h) Define price skimming strategy.
- i) Define inflation in economic terms.
- j) How does a monopoly set its price and output?

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) (6 x 8)

- a) Analyze the impact of any three determinants of demand on market demand with relevant examples.
- b) Evaluate the role of elasticity of demand in business decision-making.
- c) Solve a simple numerical problem: A firm's cost function is $C(Q) = 5Q^2 + 15Q + 50$ Calculate the total and average costs for $Q = 5$.
- d) Describe the law of variable proportions and its significance in production.
- e) Assess the advantages and challenges of applying the concept of returns to scale in large-scale production.
- f) Define and describe the characteristics of perfect competition, monopoly, and monopolistic competition.
- g) Illustrate how inflation impacts consumption, saving, and investment patterns in a growing economy.
- h) Evaluate the impact of fiscal and monetary policies on business cycles.
- i) Assess the role of descriptive pricing approaches, such as full-cost pricing and product pricing, in decision-making for new products.

- j) A firm's production function is $Q = L^{0.5}K^{0.5}$, where L is labor and K is capital. If $L = 16$ and $K = 9$, calculate the output.
- k) Differentiate between perfect competition and monopoly in terms of price determination and resource allocation.
- l) Define economies of scale and explain its types with examples.

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 Discuss the law of variable proportions and law of returns to scale with diagram and figures. **(16)**

Q4 Suppose that, if labour costs Rs.10 per unit and capital costs Rs. 5 per unit, the least cost combinations of capital and labour are indicated in the following table. **(16)**

Output	Labour	Capital
100	5	10
200	6	12
300	8	14
400	10	20
500	13	28
600	18	38
700	24	54

- a) Prepare a table showing long run total cost, long run average cost, and long run marginal cost.
- b) Graph these cost functions. (Graph paper not required, draw in the answer scripts)
- c) Over what range of output do economies of scale exist?
- d) Over what range are diseconomies of scale indicated?

Q5 What are the objectives of Pricing policy? Discuss the major factors involved in Pricing policy. **(16)**

Q6 "Monopolistic competition is the form of market organization in which there are many sellers of a differentiated product and entry into and exit from the industry are rather easy in the long run." While commenting on the same, give the implications of each of the characteristic features of the monopolistic market. **(16)**