

**MASTER OF BUSINESS ADMINISTRATION
(MBACN)**

Term-End Examination

December, 2013

MCN-002 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All questions carry equal marks.

1. (a) Why do economic profits exist ? 10
(b) Why do economists use models in order to help explain how the economy works ? 10
2. Outline the main determinants of quantity demanded and quantity supplied. and explain how these interact to determine the market price. 20
3. 'In forecasting demand, intuition works better than using any of the techniques'. Argue for and against this statement. 20
4. What is a production function ? What is its role in the analysis of a firm's production activities ? 20
5. Distinguish between **any four** of the following :
 - (a) Law of demand and Elasticity of demand
 - (b) Opportunity Cost and Sunk Cost 4x5=20
 - (c) Fixed Cost and Variable Cost
 - (d) Consumer's surplus and Producer surplus
 - (e) Monopoly and oligopoly

6. What is the relationship between short-run and long-run cost curves ? What is different in the very long-run. 20
7. Compare the price and Output levels under monopoly and perfect competition. 20
8. (a) Distinguish between nominal and real exchange rates. 10
- (b) Bring out the relationship between fiscal and monetary policies. 10
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