

00233

**MASTER OF BUSINESS ADMINISTRATION  
(FULL TIME PROGRAMME)  
(MBACN)**

**Term-End Examination  
June, 2012**

**MCN-002 : MANAGERIAL ECONOMICS**

*Time : 3 hours*

*Maximum Marks : 100*

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*Note : Answer any five questions. All questions carry equal marks.*

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1. "Managerial economics is the discipline which deals with the application of economic theory to business management." Discuss. **20**
  
2. What is cross-elasticity of demand? Is it positive for substitutes or for complements? Show in a diagram the curve relating the demand for coffee to the price of tea. **20**
  
3. (a) Define a production function. **10x2=20**  
(b) State and explain the properties of an isoquant.

4. Distinguish between the following : 5x4=20
- (a) Durable goods and non-durable goods
  - (b) Fixed cost and variable cost
  - (c) Cost control and cost reduction
  - (d) Perfect competition and Monopolistic competition
5. "The kinked demand curve can explain both interdependence of firms and stickiness of prices under oligopoly". Comment. 20
6. State the law of supply. Show how industry supply curve is obtained from firm's cost curve. 20
7. Write short notes on : 5x4=20
- (a) Break-even point
  - (b) Price discrimination
  - (c) Monopoly
  - (d) Derived demand
8. Explain the effects of government intervention in price fixation. What steps are necessary to make this intervention effective ? 20
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