

**MASTER OF BUSINESS ADMINISTRATION
EVERONN (MBAEV)**

Term-End Examination

June, 2012

**MCN-037 : MANAGERIAL ECONOMICS
(MICRO AND MACRO)**

Time : 2 hours

Maximum Marks : 70

Note : Attempt any four of the following five questions.

1. (a) Define price elasticity of demand and distinguish its various types . How would you measure it ? Discuss the role of elasticity of demand in managerial decisions. 8½
- (b) What is the optimal input level in the case of one variable input production function ? How do you determine the optimal combination of inputs when two variable inputs are employed ? 9

2. (a) Distinguish between : 8½
 - (i) Accounting costs and Economic costs.
 - (ii) Average cost and Marginal cost.
 - (iii) Fixed cost and Variable cost.
- (b) (i) Explain Break-even analysis and its limitation. 9
- (ii) Break-even production of a firm is 5000 units. Its fixed cost is Rs. 50,000 ; the variable cost per unit is Rs. 25. Find out the price of the product. How much should the firm produce to earn a profit of Rs. 25,000 ?

3. (a) " Price is higher and scale of output is smaller under monopolistic competition than under perfect competition." Explain with the help of necessary diagrams. 9

OR

What pricing behaviour does kinked demand curve seek to explain ? Explain kinked demand model of oligopoly and its limitations.

- (b) How is equilibrium level of income of an economy is determined by AD and AS approach ? 8½
4. (a) Use IS-LM technique to analyse the effects of simultaneous increase in autonomous investment and money supply. 9
- (b) Discuss the instruments of monetary Policy that a central bank may employ to control credit creation of the commercial banks of the country. Which policy the RBI has been resorting to lately for this purpose ? 8½
5. Write short notes on *any three* of the following : 17½
- (a) Cross elasticity of demand.
 - (b) Product Differentiation.
 - (c) Degrees of price discrimination.
 - (d) Investment multiplier.
 - (e) Measures of money supply.