

**MASTER OF BUSINESS ADMINISTRATION
(MBACN)****Term-End Examination****June, 2013****MCN-002 : MANAGERIAL ECONOMICS***Time : 3 hours**Maximum Marks : 100*

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

1. (a) Distinguish between macro-economics, 10
macro-economics and managerial
economics.
- (b) Explain the theory of a firm. 10
2. If the equation for a market demand curve is 20
 $\theta d = 10 - 4p$, and the equation for the market
supply curve is $\theta s = 4p$, find the market
equilibrium price and quantity. Verify your
answer graphically.
3. (a) How is the elasticity measure better than the 10
slope measure ?
- (b) Show that commodities which take up a 10
large percentage of a consumer's budget
generally have relatively small income
elasticities of demand.

4. Explain why profit maximization for a two product firm requires that the marginal rate of transformation be equal to the product price ratio. 20
5. How does the change in an input's price affect the various short-run cost curves? Consider the case of both a fixed input's price and a variable input's price. 20
6. Does the soft drink industry conform more closely to monopolistic competition or oligopoly? Support your answer. 20
7. Can a perfectly discriminating monopolist maximize profit along the inelastic portion of the demand curve? Why or why not? 20
8. (a) What is the difference between demand estimation and demand forecasting? 10
- (b) Which is the best method that you would recommend to be used for forecasting business cycles? 10
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