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EXECUTIVE MBA (EXMBA)

Term-End Examination

December, 2010

MCT-051 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 100

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

1. Compare and contrast microeconomics with macroeconomics. Although managerial economics is based primarily on microeconomics, explain why it is also important for managers to understand macroeconomics. 20

2. It is believed that a firm under a perfect competition is a price taker and not a price maker. Explain it with suitable examples. 20

3. Distinguish between *any four* of the following : $5 \times 4 = 20$
 - (a) Demand curve and Demand schedule
 - (b) Implicit and explicit cost
 - (c) Isoquant and Isocost
 - (d) Direct and Indirect cost
 - (e) Business risk and financial risk

4. (a) Give reasons as to why the firm might need accurate demand information. 10
- (b) What causes a movement along the demand curve and what causes shifts in the demand curve ? Explain. 10
5. Take the case of a monopolistically competitive firm and describe the steps involved in attaining long run equilibrium for the firm. 20
6. Write short notes on : 5x4=20
- (a) Economic profit
- (b) Derived Demand
- (c) Price rigidity
- (d) Economic rationality
7. Issues related to pricing are very important regarding introduction of competition. Discuss some of the important pricing issues with special reference to software industry. 20
8. Explain how short run and long run cost functions can be used by firm for profit maximisation and cost control decision ? Support your answer with diagram. 20
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