MASTER OF BUSINESS ADMINISTRATION EVERONN (MBAEV)

00478

Term-End Examination

December, 2011

MCN-037 : MANAGERIAL ECONOMICS (MICRO AND MACRO)

Time : 2 hours   *Maximum Marks : 70*

Note : *Attempt **any four** of the following five question.*

1. (a) State and explain the law of demand. What 8½ are the exceptions to it ?

   (b) What do you mean by production 9 function ? Discuss the production function of Cobb - Douglas type.

2. (a) Distinguish between : 9
   (i) Actual cost and Opportunity cost
   (ii) Private cost and Social cost
   (iii) Sunk cost and Incremental cost

   (b) (i) What is 'margin of safety' ? Explain 8½ the method of its measurement.

   (ii) From the following information, calculate the break-even point and the turnover required to earn a profit of Rs. 36,000;
   Fixed overheads   Rs. 1,80,000
   Variable cost per unit   Rs. 2
   Selling price   Rs 20

3. (a) What do you mean by price   9
         discrimination ? What are the various
         degrees of price discrimination ? Explain
         the conditions under which price
         discrimination is possible and profitable.
         Illustrate with diagrams.

    (b) Define national income. What are the   8½
         methods of measuring national income of a
         country ? Which of these is followed in
         India ?

4. (a) The monetary authories of a country decide   9
         to pursue an expansionany monetary policy
         purchasing government securities in the
         open market. How will this affect the LM
         schedule ? Given IS curve, how will the shift
         in LM curve affect interest rate and level of
         income ?

    (b) What are the causes of disequilibrium in   8½
         balance of payments of an economy ? List
         the measures that can correct this
         disequilibrium.

5. Write short notes on *any three* of the following :   17½
    (a) Measurement of price elasticity of demand
    (b) Economies of scope
    (c) Concept of contribution margin.
    (d) Aggregate demand
    (e) Liquidity Trap