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**MASTER OF BUSINESS ADMINISTRATION
(CORPORATE GOVERNANCE) (MBACG)**

Term-End Examination

December, 2011

MCT-017 : ECONOMICS FOR MANAGERS

Time : 2 hours

Maximum Marks : 70

Note : Answer any four of the following five questions

1. (a) "The purpose of managerial economics is to show how economic analysis can be used in formulating business policies". Discuss 8½
(b) Distinguish between : 9
 - (i) Derived demand and autonomous demand.
 - (ii) Demand for producer goods and for consumer goods.

2. (a) Discuss the methods that can be applied to forecast demand of new products. 9
(b) The demand function of pen-cells is $q = 20 - 2p$. The initial price of a pen-cell is Rs.4. If its price increases by 25 percent, find price elasticity of demand. 8½

3. (a) With the help of isoquant explain equilibrium of a producer using two inputs. How does this equilibrium change when : 9
(i) price of one of the input declines.
(ii) resources for production available with the firm increase.
- (b) Explain the cost - output relationship in the short run. 8½
4. (a) What do you mean by price discrimination? What are the conditions under which price discrimination is possible and profitable? How is the price and quantity determined under condition of discriminating monopoly? 9
- (b) What is meant by price leadership? How are prices determined under such a leadership? Is it restrictive trade practice? Substantiate your answer. 8½
5. Write short note on *any three* of the following : 17½
- (a) Shut down point.
(b) Expansion path.
(c) Engel's curve.
(d) Opinion polling method of demand forecasting.
(e) Product differentiation.