

**MASTER OF BUSINESS ADMINISTRATION
(RETAIL SERVICES) (MBARS)**

Term-End Examination

00045

December, 2014

MRS-005 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 100

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

1. (a) Distinguish between marginal and average magnitude. 10
(b) State microeconomic problems in managerial economics. 10
2. (a) What is consumer equilibrium ? 10
(b) Discuss the importance of forecasting for a firm. 10
3. "A firm that is facing diminishing returns cannot have a production function that exhibits increasing returns to scale." Do you agree ? Explain. 20
4. What is the relationship between marginal revenue and price for a monopolist who is practising first degree price discrimination ? 20

5. What are the features of a monopoly and a competitive market coexisting in monopolistic competition? 20
6. (a) How does the money multiplier affect money supply in a system? 10
- (b) What is the purchasing power parity exchange rate? 10
7. What is the economic justification for government subsidization of education? 20
8. Why might openness to foreign competition be good for economic growth? 20
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