

MANAGEMENT PROGRAMME
Term-End Examination
December, 2014
MS-9 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 100

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- Note :** (i) *There are two sections : Section-A and Section-B.*
(ii) *Attempt any three questions from Section-A, which carries 20 marks each.*
(iii) *Section B is compulsory and carries 40 marks.*
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SECTION - A

1. Discuss the nature and scope of Managerial Economics. How is Managerial Economics helpful in Decision Making ?
2. What are the different demand forecasting techniques ? Discuss them in brief.
3. Differentiate between the following :
 - (a) Historical and Replacement costs
 - (b) Relevant and Irrelevant costs
 - (c) Direct and Indirect costs
 - (d) Fixed and Variable costs
4. Discuss the concept of 'decision under risk' by giving suitable examples.

5. What is 'perfect competition' ? Discuss its characteristics and relevance.

SECTION - B

6. (a) Outside an airport, a shopkeeper is running a coffee shop. The demand function for coffee cups is :

$$Q = 150 - 10P$$

Where Q is the quantity demanded of coffee cups and P is price per coffee cup.

- (i) Write total revenue function.
(ii) Determine at what quantity of coffee cups sold and price fixed, total revenue is maximized.
- (b) What is Price Elasticity ? What are its different types ? Explain cross - price elasticity by assuming an organisation of your choice selling several related products. How cross price elasticities aid decision makes in assessing its impact ?
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