

00223

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

Term-End Examination

June, 2012

MRS-005 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 100

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

1. "Managerial economics is part of normative economics, it is prescriptive rather than descriptive in character". Discuss. 20

2. Define price - elasticity of demand and state its relationship with average revenue, marginal revenue and total revenue. 5,5,5,5

3. What is the shut - down point ? Explain with graph why a firm suffering losses still decides to operate and not shut down unless it reaches shut down point. 20

4. Write short notes on : 5x4 = 20
 - (a) Disinvestment policy
 - (b) Business cycle
 - (c) Advertising elasticity of demand
 - (d) Price leadership

5. What are the motivations for expanding a product line ? As a managerial economist, discuss the factors which you will take into account when considering candidate products for your company's product - line ? 20
6. Given the data on income elasticity of demand, how would you forecast demand for certain products. Illustrate your answer with two examples. 20
7. Distinguish between *any four* of the following : 20
- (a) Risk and Uncertainty 5x4 = 20
 - (b) iso quant and iso cost
 - (c) Economic forecasting and business forecasting
 - (d) Superior goods and inferior goods
 - (e) Fixed cost and variable cost.
8. "Monetary and fiscal policy are not competitive but complementary". Discuss in the context of Indian economy. 20
-