MS-9

MANAGEMENT PROGRAMME

Term-End Examination

June, 2015

MS-9 : MANAGERIAL ECONOMICS

Time : 3 hours   *Maximum Marks : 100*

*Note : (i)   There are **two Sections** : **Section-A** and **Section-B**.*

*(ii)   Attempt **three** questions from **Section-A**, which carries **20 marks** each.*

*(iii)   **Section B** is **compulsory** and carries **40 marks**.*

SECTION – A

1. (a)   Discuss the two basic concepts of incremental analysis giving examples.
    (b)   Discuss discounting principle with suitable examples.

2. Differentiate between Income elasticity and Price elasticity of Demand. Elucidate with the help of examples.

3. Explain 'Demand Forecasting'. Describe the regression method of Demand Forecasting and explain its importance for a firm.

4. (a)   Define and explain pure competition and pure monopoly.
    (b)   Do you think that pure competition exists in a market ? Justify.

5. Write short notes on the following :
   (a) Average Fixed Costs (AFC)
   (b) Economies of scale
   (c) Opportunity costs
   (d) Value maximization

SECTION - B

6. In an airport there is a coffee shop. The demand function for coffee cups is

   $Q = 150 - 10P$ where Q is the quantity demanded for coffee cups and P is price per coffee cup.

   Write the total revenue function and determine at what quantity of coffee cups sold and price fixed, total revenue is maximised.

7. (a) What principle does the peak load price follow ? Explain.
   (b) What are the advantages of peak load pricing ?