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**MASTER OF BUSINESS ADMINISTRATION
(FULL TIME PROGRAMME)
(MBACN)**

Term-End Examination

June, 2011

MCN-002 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 100

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

1. "Managerial economics is the integration of economic theory with business practice for the purpose of facilitating decision making and forward planning by management". Explain. 20
2. "If demand is elastic, it will pay a businessman to charge relatively low prices, if demand is inelastic, he would be better off with a higher price". Discuss and point out the role of price - elasticity in business decisions. 20
3. Discuss the various cost concepts relevant for decision - making at the firm level. Do you feel that 'break - even analysis' could be a useful tool to Indian managers ? 20

4. Distinguish between *any four* of the following : **5x4=20**
- (a) Direct cost and Indirect cost.
 - (b) Company demand and industry demand.
 - (c) Economic profit and accounting profit.
 - (d) Complementary goods and substitutes goods.
 - (e) Monopoly and Monopsony
5. The shorter the period, the greater the influence of demand on price. The longer the period, the greater the influence of supply on price. Elaborate it with illustration and diagram. **20**
6. (a) Critically examine the marginal productivity theory of distribution. **10x2=20**
- (b) Explain the role of risk in the determination of profit.
7. Write short notes on : **5x4=20**
- (a) Price discrimination.
 - (b) Economies of scale.
 - (c) Gross elasticity of demand.
 - (d) Oligopoly.
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