

EXECUTIVE MBA (EXMBA)

Term-End Examination

June, 2011

MCT-051 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 100

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

1. (a) Define scarcity and opportunity cost. What role do these concepts play in the making of management decisions ? **10**
- (b) Justify that managerial economics is economics applied in decision making. **10**

2. What is a production function ? How does a long run production function differ from short run production function ? Explain it with suitable examples and graphs. **20**

3. (a) What do you mean by demand function ? **10**
- (b) "There is inverse relationship between price of the commodity and quantity demanded of that particular commodity". Explain with suitable examples, schedule and graph. **10**

4. Discuss the fundamental nature of Managerial Economics with respect to the three choice problems of the economy. 20
5. (a) Draw a demand curve for oligopoly market. Why the demand curve is kinked in oligopolistic competition ? 10
- (b) Distinguish between perfect competition and imperfect competition giving examples. 10
6. Write short notes on : 5x4=20
- (a) Price elasticity of demand
- (b) Production possibility curve
- (c) Demand forecasting
- (d) Value maximisation.
7. Distinguish between the following with the help of illustrations : 5x4=20
- (a) Income elasticity of demand and cross elasticity of demand.
- (b) Fixed costs and variable cost
- (c) Total cost, average cost and marginal cost
- (d) Monopoly and Monopolistic competition
8. How is the least cost combination arrived at with the help of ISO cost and ISO - product curves ? Explain the significance of the tangential point. 20