

MAY 2012

P/ID 37505/PBAE

Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Explain the nature and scope of managerial economics.
2. Examine the various organisational goals of a modern firm.
3. What are the criteria of a good forecasting method?
4. What is production function? Explain the managerial uses of production function.
5. What do you mean by 'break - even point'? Explain its managerial usefulness.
6. Explain the main features of monopolistic competition.
7. What are the problems of product - line pricing?
8. Explain the means to measure economic effects of advertising.

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. Explain the use of managerial economics in planning, forecasting, costing and pricing decisions.
10. Define cross – elasticity of demand and state its formula. How does such elasticity differ in case of substitutes and complementary goods?
11. The long-run average cost curve, though ‘U’ shaped, will be flatter and less pronounced than the short - run average cost curve. Explain it with the help of a diagram.
12. Explain the price and output determination under monopoly.
13. Examine the methods of evaluating the worth of investment proposals and point out their limitations.
14. Discuss the various issues concerning the national income analysis.

PART C — (15 marks)

15. Case Study :

As all educational institutions in India are instructing the learners to use only fountain pens, your company is launching a pen of its kind which requires filling of ink once in three months only. While deciding the pricing policy for the new product, many are of the opinion to go in for high skimming rather than penetration pricing. How would you justify either of the two for the long term benefit of the organisation Cite your earlier experiences of this kind to substantiate your claim.
