

MAY 2013

P/ID 37505/PBAE

Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

1. What is uncertainty?
2. What is marginal cost?
3. What is income elasticity of demand?
4. What is the purpose of demand forecasting?
5. What is resource allocation?
6. What is monopolistic competition?
7. What is marginal cost pricing?
8. What is the need for capital budgeting?

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

9. What is managerial economics? Explain.
10. Discuss law of demand.

11. What are the uses of cost concepts in an organisation?
12. What is input-output analysis?
13. Discuss price output decision of a firm order monopoly.
14. Discuss discounted cash flow method.

PART C — (1 × 15 = 15 marks)

Compulsory

15. Case Study

XYZ company has the following details on income of its customers and demand for its products.

Income	Units Demanded
Rs. 10,000	1000 units
Rs. 20,000	2500 units
Rs. 40,000	5000 units

You are asked to compute income elasticity of demand for the aforesaid customers of varying income. Interpret income elasticity of demand concept for the above problem.