

MAY 2011

P/ID 6006/MBF

Time : Three hours

Maximum : 80 marks

PART A — (8 × 5 = 40 marks)

Answer any EIGHT questions.

1. Define Managerial Economics. How does it differ from the Traditional Economics?
2. Explain the use of managerial economics in planning, forecasting, costing and pricing decisions.
3. Define advertising / promotional elasticity of demand and explain the factors influencing it.
4. What is production function? Explain the managerial uses of production function.
5. Discuss the importance of opportunity costs in the decision-making process at the firm level, giving suitable examples.
6. What is competition? Discuss the various forms of market structures.
7. What is the difference between perfect competition and monopolistic competition?

8. Explain the method of cost-plus pricing and point out its limitations.
9. Explain the price policies to be adopted in (a) pioneering stage and (b) the maturity stage of a product.
10. Explain the significance of National Income Analysis in Managerial Economics.
11. Explain the method of measuring economic concentration.
12. Explain the factors influencing the investment of an individual.

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

13. ‘Managerial economics is the integration of economic theory with business practice for the purpose of facilitating decision-making and forward planning by management’. Discuss.
14. Discuss critically the different methods of forecasting demand for established products.
15. Discuss briefly the different cost concepts relevant to managerial decision of planning and control.

16. What is perfect competition? How does a firm attain its equilibrium under perfect competition both in the short and long-run?
 17. How do you explain a capital-budgeting problem? Explain the need for capital budgeting. Discuss the various factors that influence capital investment decision.
 18. Discuss the various concepts and methods of linear programming.
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