

MAY 2012

P/ID 77714/MBN1C

Time : Three hours

Maximum : 100 marks

SECTION A — (10 × 3 = 30 marks)

Answer any TEN questions.

All questions carry equal marks.

Write short note on the following :

1. Decision – Making.
2. Capital Management.
3. Utility analysis.
4. Consumer's Equilibrium,
5. Indifference curve.
6. Demand.
7. Law of variable proportion.
8. Short run and long run.
9. Price discrimination.

10. Perfect competition.
11. Capital budgeting.
12. Project profitability.

SECTION B — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

13. Explain fundamental concepts of aid decision-making.
14. State the importance of the law of diminishing marginal utility.
15. Explain the concepts of elasticity of demand with illustration.
16. Differentiate between 'Active' and 'Passive' forecasting.
17. What is price determination? Illustrate how prices are fixed under price discrimination.
18. State the strategy to be adopted by a firm in pricing a new product.
19. Describe the features of profit planning.
20. Analyse the nature and importance of capital budgeting in an enterprise.

SECTION C — (2 × 20 = 40 marks)

Answer any TWO questions.

All questions carry equal marks.

21. “Economics is the study of allocation of scarce means to alternate ends”. Explain the statement.
 22. The law of diminishing returns arises out of defective factor proportion. Give argument.
 23. Determine short-run and long-run normal price under perfect competition.
 24. What is monopolistic competition? Explain the equilibrium of a firm and industry under monopolistic competition.
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