



Printed Pages : 4

MRD – 205

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 7244

Roll No.

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M. B. A. (RD)

(SEM. II) EXAMINATION, 2006-07

MANAGERIAL ECONOMICS

Time : 3 Hours]

[Total Marks : 100

- Note :*
- (i) Attempt all questions.*
 - (ii) All questions carry equal marks.*

1 Answer any **four** of the following : **4×5**

- (a) Why is the knowledge of Managerial Economics necessary for business managers in discharging their managerial functions successfully? Explain with the help of an example.
- (b) State and explain the Law of Demand. Is there any exception to this law?
- (c) 'Production is an input – transformation – output function'. Explain this statement. What are the important uses of the production function?
- (d) Giving suitable examples, explain the difference between 'Monopoly' and 'Monopolistic Competition'.
- (e) Discuss briefly the role of profit in the expansion and growth of a business firm.

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(f) 'Inflation is a monetary phenomenon which occurs when the volume of money in circulation increases faster than the volume of goods and services'. Explain this statement. What are the general measures that are taken by a country to control inflation?

2 (a) Discuss clearly the nature and scope of Managerial Economics. What, in your opinion, are the functions and responsibilities of a Business Economist? **10**

(b) 'Elasticity of Demand is the percentage or proportionate change in quantity demanded of a commodity in response to a given percentage or proportionate change in price'. Discuss this statement by giving a suitable example. What are the different types of Elasticity of Demand? **10**

OR

2 (a) Enumerate the different Laws of Production and explain clearly the Law of Variable Proportions by giving a suitable example. **10**

(b) 'Costs play a key role in determining theoretically the optimum level of production'. Explain this statement and show the behaviour of the fixed cost, variable cost, total cost and marginal cost in the short run. **10**

3 Answer any **two** of the following : **10+10**

(a) What are the characteristic features of perfect and imperfect markets? Explain how the prices under perfect market change due to interaction of demand and supply.

- (b) Define Oligopoly and point out its distinguishing features. Why is the price determination under oligopoly a difficult task? Explain clearly.
- (c) Show, with the help of a suitable diagram, how the output and price are determined in the case of a monopoly firm.
- (d) What are the objectives of Demand Forecasting? List the different approaches to demand forecasting and explain, in brief, those approaches which may be useful in forecasting demand for the new products.

4 Answer any **two** of the following : **10+10**

- (a) What, in your opinion, should be the main objective or goal of a business firm – maximization of sales, maximization of profit or attaining the target of a reasonable amount of profit? Discuss briefly by furnishing appropriate logic.
- (b) Explain the concept of Business Cycle and point out its characteristic features. How can the occurrence of the business cycles be controlled effectively?
- (c) Define unemployment and explain its different types. What general methods would you like to suggest for solving the problem of unemployment in a country?
- (d) ‘Macro-economics helps in understanding the economic environment in which an individual business unit works’. Explain this statement, pointing out the nature and scope of the Macro-economies.

5 Write notes on any **two** of the following : **10+10**

- (a) Break-Even Analysis
 - (b) Economies and Diseconomies of Scale
 - (c) Discriminating Monopoly
 - (d) Opportunity Cost Principle
 - (e) Managerial Uses of Production function
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