

**MBA – 1<sup>st</sup> Semester**  
**MBA-2.12DE**  
**Managerial Economics**

**JULY 2005**

Time : Three Hours

Maximum Marks : 70

**Note :** Attempt any five questions. All questions carry equal marks.

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**Unit-1**

1. What is Managerial Economics? Discuss the characteristics and scope of managerial Economics. How does economic theory contribute to managerial decision?
2. Write short notes on:
  - a. Nature of marginal analysis;
  - b. Opportunity cost.

**Unit-2**

3. Distinguish between laws of return to variable proportion and laws of return of scale. Explain the factors, which cause increasing return to scale. What are the reasons for the operations of laws of the diminishing returns?
4. Define price elasticity of demand and distinguish its various types. Discuss the role of price elasticity of demand in managerial decision.

**Unit-3**

5. Discuss the meaning and main feature of monopolistic market situation. Draw a diagram to show equilibrium of the firm.
6. What is price discrimination? Under what conditions seller resort to it? Do you support it? Explain.

**Unit-4**

7. Briefly explain Baumol's theory of sales revenue maximization along with assumption.
8. Write short notes on:
  - a. Average cost pricing;
  - b. Limit pricing;
  - c. Transfer pricing.

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**Unit-I**

- Q:1 Define Managerial Economics? Discuss its nature and scope.
- Q:2 Explain and illustrate the following:
- (a) Incremental reasoning,
  - (b) Opportunity Cost.

**Unit-II**

- Q:3 What are the condition of consumer equilibrium? Explain and illustrate consumer equilibrium Using indifference curve techniques.
- Q:4 Define elasticity of demand. What are differentiate types of price elasticity.

**Unit-III**

- Q:5 Distinguish between laws of returns to variable proportions and laws of return of scale. What are the reasons for the operations of law of the diminishing return.
- Q:6 Define monopoly . What are its characteristics. Discuss the equilibrium of firm under monopoly.

**Unit-IV**

- Q:7 Explain Baumolis theory of sales revenue maximization what are its assumption.
- Q:8 Write notes on:
- (a) Average cost pricing
  - (b) Pricing strategies.

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**JAN 2008**

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**UNIT-I**

Q: 1 Discuss the role and responsibility of Managerial Economist.

Q: 2 Write short notes on :

- (i) Short run and long run
- (ii) Classification of goods
- (iii) Opportunity cost.

**UNIT-II**

Q: 3 Explain the law of demand. Why does demand curve slope downward from left to right?

Q: 4 Explain consumer's equilibrium with the help of Indifference curve analysis.

**UNIT- III**

Q: 5 How does a producer establish optimum input combination to optimize his behavior?

Q: 6 What do you mean by monopolistic competition ? How is equilibrium achieved by a firm under monopolistic competition in the short run and long run?

**UNIT- IV**

Q: 7 Critically examine Baumol's sales maximization theory of the firm.

Q: Explain Average Cost Pricing and Limit Pricing strategy of a business firm.