Code: **BA1T2**

I MBA-I Semester-Regular Examinations FEBRUARY 2015

MANAGERIAL ECONOMICS

Duration: 3hours   Max. Marks: 70

SECTION-A

1. Answer any FIVE of the following: **5 x 2 = 10 M**

    a. What is Opportunity cost?

    b. Significance of Managerial Economics.

    c. Exemptions to Law of Demand

    d. Price elasticity of Demand.

    e. Cobb-Douglas production function.

    f. Explain about Long run average cost curve

    g. Monopoly.

    h. What is cost plus pricing?

SECTION – B

Answer the following: **5 x 10 = 50 M**

2. a) Critically evaluate the role played by Managerial economist in present day's context.

<div align="center">OR</div>

  b) What is Equi-marginalism? Explain its importance in managerial decision making.

3. a) What is elasticity of Demand? Explain about various types of elasticity of Demand.

OR

b) What is supply function? State the Law of supply and explain its applications.

4. a) How does the study of cost output relationship help in business decision?

OR

b) Explain the Law of variable proportions and its role in managerial decision making.

5. a) What is perfect competition? How is price determined in perfect competition?

OR

b) Discuss about Bain's limit pricing theory. State its assumptions and applications.

6. a) Discuss about the methods of measuring National income.

OR

b) What is cost-volume-profit analysis? State its assumptions.

SECTION – C

7. Case Study   **1 x 10 = 10 M**

Indian Airlines has a capacity to carry a maximum 10,000 passengers per month flow Delhi to Jaipur at a fare of Rs. 3,500 per passenger. The Variable costs are Rs.1000 per passenger and fixed costs are Rs. 50,00,000 per month.

a) How many passengers should be carried per month to break-even?

b) What load factor (average percentage of seating capacity filled) must be reached to break-even?