

MP-102

December - Examination 2016

Master of Business Administration - I Year Examination**Managerial Economics****Paper - MP-102****Time : 3 Hours]****[Max. Marks :- 80**

Note: The question paper is divided into three sections A, B and C. Write answers as per given instructions.

Section - A**8 × 2 = 16**

Note: Attempt **all** the questions within 30 words of each.

- 1) (i) How does economics help in business decision making?
- (ii) Explain why demand curve slopes from left to right.
- (iii) "Prices are not included in production function". How?
- (iv) Explain the importance of fixed and variable cost in price determination.
- (v) Prove that perfect competition is a myth.
- (vi) "Profit is a rent of ability". How?
- (vii) Explain the relationship between national income and economic welfare.
- (viii) Distinguish between Balance of payment and Balance of trade.

Section - B**4 × 8 = 32****Note:** Attempt **any four** questions within 200 words of each.

- 2) What is 'managerial economics'? How does it differ from general economics?
- 3) Explain the exceptions of law of demand.
- 4) Explain practical importance of income elasticity of demand.
- 5) Is monopoly price always higher than the competition price? Explain in detail.
- 6) Does an increase in National Income always lead to common welfare?
- 7) Discuss the role of managerial economics in formulation of business policies.
- 8) What is inflationary and deflating gap?
- 9) Explain circular flow of income for an economy.

Section - C**2 × 16 = 32****Note:** Attempt **any two** questions within 500 words for each.

- 10) Explain the following:
 - (i) Methods of demand forecasting
 - (ii) Feasible stages of production
- 11) What is profit? As a business manager which policy maximum profit or satisfactory profit will be chosen by you and why?
- 12) Write short note on Inflation and Employment.
- 13) What is the difference between economic cost and accounting cost approaches? Which cost is more important in managerial decisions?