

Managerial Economic

Institute of Distance & Open Learning

MMS Programme: Semester – I (2022-23)

Managerial Economics - 75 Marks

Instructions

1. Q1 (20 marks) & Q8 (15 marks) are compulsory
 2. Attempt Any Four (40 marks) out of Q2, Q3, Q4, Q5, Q6 and Q7
 3. Students have to attempt any four out of the remaining six questions and within each question; students have to attempt any two out of three sub – questions. Each sub – question would carry 05 Marks
 4. Figures to the right indicate full marks
 5. Draw neat diagrams wherever necessary
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Q1. Read and attempt the following (20 marks)

As a capital investment analyst for Pritam Printing Corporation, you have been asked to evaluate the advisability of purchasing a new printing press to accommodate projected increases in demand. Using the Net Present Value method to advise the management of the company

Q2 Any two from the following: (10 Marks)

- (a) What are the methods of managerial economics? (5 Marks)
- (b) What is the role of a managerial economist in a business firm? (5 Marks)
- (c) Draw a production possibility curve to explain the concepts of scarcity and choice (5 Marks)

Q3 Any two from the following: (10 Marks)

- (a) What are the requisites of a good demand forecasting method? (5 Marks)
- (b) Bring out the factors determining the demand for a commodity (5 Marks)
- (c) Show how a change in demand affects the equilibrium price (5 Marks)

Q4 Any two from the following: (10 Marks)

- (a) State and explain the long run cost function (5 Marks)
- (b) What are the diseconomies of scale? (5 Marks)
- (c) Examine briefly the relationship between revenue and elasticity of demand (5 Marks)

Q5 Any two from the following: (10 Marks)

- (a) Define breakeven point. What is its significance in managerial decisions (5 Marks)
- (b) What are the features of a perfectly competitive market? (5 Marks)
- (c) Write a brief note on “indeterminate price” under oligopoly (5 Marks)

Q6 Any two from the following: (10 Marks)

- (a) What is price discrimination? When is it possible and profitable? (5 Marks)
- (b) State with example the pricing policy for new products (5 Marks)
- (c) What is profit maximisation and what are the conditions for profit maximisation? (5 Marks)

Q7 Any two from the following: (10 Marks)

- (a) Write short notes on sales maximisation hypothesis (5 Marks)
- (b) State and explain the principle of capital budgeting (5 Marks)
- (c) What is internal rate of return in project appraisal? (5 Marks)

Q8 Write short notes on Any three the following: (15 Marks)

- (a) Income elasticity of demand (5 Marks)

(b) Decreasing cost conditions (5 Marks)

(c) Simultaneous Changes in supply and demand on equilibrium price(5 Marks)

(d) Producer's surplus (5 Marks)

Note:

A Student has to separately secure minimum 50% marks in the Internal assessments and secure minimum 50% marks in the Semester End Examination in every subject to be declared as Pass.
