

M.B.A. (IB) DEGREE I SEMESTER EXAMINATION NOVEMBER 2010

SMI 2103 MANAGERIAL ECONOMICS

Time : 3 Hours

Maximum Marks : 50

(All questions carry EQUAL marks)

(5 x 10 = 50)

- I. A. Define Managerial Economics and explain its scope.
OR
 B. Briefly explain with examples the five fundamental concepts that aid decisions in business.

- II. A. The data given below relate to the annual sales of "XYZ LTD" for the last five years. Using the least square regression method estimate the sales for 2009. Also give the equation of the line of best fit.

<u>Year</u>	<u>Sales (Rs.Lakh)</u>
2004	50
2005	45
2006	50
2007	60
2008	55

- OR**
 B. Explain the different types of elasticities. Bring out their practical uses.
- III. A. Explain with the help of a diagram the relationship among average variable cost, average total cost and average fixed cost.
OR
 B. A firm produces four products. Information regarding total fixed cost, variable cost per unit and price per unit are as follows:

<u>Product</u>	<u>Variable cost per Unit (Rs.)</u>	<u>Price per Unit (Rs.)</u>
A	100	125
B	125	150
C	150	175
D	200	250

Total fixed cost is Rs.10 lakh.

When one unit of A is sold, four units of B, three units of C and four units of D will automatically be sold. At the overall break-even point how many units of each product will be sold.

- IV. A. Show that under perfect competition output will be larger and price lower compared with monopolistic competition.
OR
 B. What do you mean by price discrimination? When will the price discrimination be possible and profitable?
- V. A. Is there any difference between gross national product and gross domestic product? If yes, explain the difference. Also explain the methods of calculating national income and the problems connected with national income calculation.

- OR**
 B. Write brief notes on *four* of the following:
 (i) Fiscal policy
 (ii) Discuss the different phases of trade cycle
 (iii) Isoquants
 (iv) Cobb-Douglas product in function
 (v) Law of variable proportions.

