TERM END EXAMINATION, Sept.-Oct., 2008
M. B. A. (MM) (First Year)
MANAGERIAL ECONOMICS
Time: Three Hours
Maximum Marks: 70

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

1. Define Managerial Economics and explain its nature and importance. How does it differ from traditional economics? 14

2. (a) "Profit maximization is not always the aim of a business firm." Discuss. 7
   (b) Explain the incremental principle with the help of suitable example. 7

3. What is law of demand? Why does it apply? Are there some exceptions to it? 14

4. What is Price Elasticity of Demand? Explain its various types. Also explain the importance of the concept of elasticity. 14

5. Critically examine the Cobb-Douglas production function and indicate the difficulties which are experienced in its practical application. 14

R. T. O.
6. What do you understand by the concept of returns to scale? Discuss the various stages of returns to scale.

7. What do you mean by Price Discrimination? Explain the conditions which make it possible and profitable. Is Price Discrimination anti-social?

8. Differentiate between any two of the following:
   (i) Actual and Opportunity cost
   (ii) Monopoly and Monopolistic competition
   (iii) Perfect and Imperfect competition

9. Explain the transmission mechanism of monetary policy. How does a change in money supply change the levels of income and prices?

10. (a) What are the main problems with cost-benefit analysis?
    (b) Write a short note on present value method as investment criteria.

    Or

    (c) How do the indirect taxes affect the private business? Explain with examples from India.