

PGDM FIRST SEMESTER EXAMINATION - 2011

PAPER BM1.03 : MANAGERIAL ECONOMICS

Time : 3 hours

Max. Marks : 100

- Note :*
- i) Answer ALL the questions.
 - ii) Do as directed in each of the Sections A, B and C.
 - iii) All questions carry equal marks.
 - iv) The figures in the right-hand margin indicate marks-composition.

SECTION-A

1. Discuss any FOUR of the following in about 200 words each : (4 x 5)
- (a) Examine the scope of managerial economics.
 - (b) Distinguish between normal and abnormal profit.
 - (c) What are the limitations of demand forecasting?
 - (d) What is meant by Monopsony? Explain its characteristics.
 - (e) How is price determined in price discrimination?
 - (f) Briefly describe a method of measuring price elasticity of demand.

SECTION-B

EITHER

2. (a) Explain the claims of managerial economics as being both science and art. How is managerial economics different from traditional economics. (10)

AND

- (b) What is law of demand? Explain its exceptions. (10)

OR

- (c) "Indifference curves are convex to the origin." Throw light on this statement and state the position of consumer's equilibrium through this approach. (10)

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AND

- (d) Write an explanatory note on advertising elasticity of demand. (10)

EITHER

3. (a) Briefly explain the types of demand. (10)

AND

- (b) What methods are used for forecasting the demand of new products? (10)

OR

- (c) What is the concept of consumer's surplus? State the method of its measurement propounded by Hicks. (10)

AND

- (d) Distinguish between law of demand and elasticity of demand and mention the implications of income elasticity of demand. (10)

EITHER

4. (a) Describe the characteristics of long-run average cost curves. (10)

AND

- (b) State the concept and significance of opportunity cost. (10)

OR

- (c) State the assumptions of Break-Even Analysis. Highlight its applications. (10)

AND

- (d) Represent the law of variable proportions by a diagram. What are the cause of operation of this law? (10)

SECTION-C

5. Write short notes on any *two* of the following : (10 + 10)

- (a) Accounting and economic profit
- (b) Price leadership
- (c) Duopoly
- (d) Firm's equilibrium in perfect competition
- (e) Marginal rate of substitution

