

**FACULTY OF MANAGEMENT**

**M.B.A. (Evening) I – Semester Examination, February 2017**

**Subject : Managerial Economics**

**Course No. : 1.2**

**Time : 3 hours**

**Max. Marks : 80**

**Note : Answer all the questions.**

**Part – A (10 X 2 = 20 Marks)**

(Short Answer Type)

- 1 Write short notes on the following. All answers should be at one place only.
- Opportunity Cost
  - Economies of Information
  - Demand Schedule
  - Consumer surplus
  - Diseconomies of scale
  - Learning curve
  - Kinked demand curve
  - Skimming pricing
  - Trade cycle
  - Stagflation

**Part – B (5 X12 = 60 Marks)**

(Essay Answer Type)

- 2 a) Explain the functions of managerial economics in a modern organization.  
**OR**  
b) Explain the incremental concept principle and state its application in business.
- 3 a) Describe the ordinal and cardinal approaches of consumer utility.  
**OR**  
b) Define price elasticity of demand? Discuss the role of price elasticity of demand in managerial decision making.
- 4 a) Explain the nature and managerial uses of production function.  
**OR**  
b) State and explain CVP analysis. Outline its managerial uses.
- 5 a) Discuss the price determination process in perfect competition market.  
**OR**  
b) Briefly explain the sophisticated pricing strategies adopted by sellers in modern markets.
- 6 a) What are the factors responsible for swings in economic activity?  
**OR**  
b) What is inflation explain various methods of measuring inflation?

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