NEW

2015

MBA 1st Semester Examination

MANAGERIAL ECONOMICS

PAPER—102

Full Marks : 100

Time : 3 Hours

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

1. Answer any *eight* questions from the following :   8×5

   (a) Define managerial economics. Explain the importance of managerial economics.

   (b) Explain the determinants of individual demand and market demand of a product.

(Turn Over)

(c) Show that on a straight line demand curve the point price elasticity of demand varies between zero and infinity.

(d) Define AVC, AC and MC. What is the relationship among them ?

(e) What is Cobb-Douglas production function ? How can it be estimated ?

(f) Explain the determination of equilibrium price in a competitive market.

(g) Explain how double counting problem can be avoided by the value added method.

(h) Define GDP and GNP. Show the relationship between the two. $2\frac{1}{2}+2\frac{1}{2}$

(i) What is Tobin's q ? How it can indicate the investment decision ?

(j) Present the Friedman's Consumption function. Also state the permanent income hypothesis.

(Continued)

(k) Distinguish between fixed cost and variable cost. Give appropriate examples of each. Do you think that this distinction is always valid ?

(l) Explain your understanding about Net Work Industries in the New Economy.

2. Answer any *four* questions : 4×10

(a) Explain the profit maximisation objective of a firm.

(b) What is the law of supply ? What are the determinants of supply ? How elasticity of supply is measured ? What are the different kinds of elasticity of supply ?

2+3+2+3

(c) (i) Determine the least cost input combination of a firm.

(ii) Explain how break-even output is determined.

5+5

(d) Show diagrammetically hwo the equilibrium output can be determined using keynesion approach in a 2-sector model.

Explain investment (autonomous) multiplier.

5+5

(e) Derive the money multiplier assuming that the individual do not hold any cash. What will happen it the assumption is relaxed ?   5+5

(f) Discuss the relation between inflation and unemployment.

[Internal Assessment : 20]

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