

Roll No

MCA - 405(A)
MCA IV Semester
 Examination, June 2016
Managerial Economics
Time : Three Hours

Maximum Marks : 70

- Note:** i) Answer five questions. In each question part A, B, C is compulsory and D part has internal choice.
 ii) All parts of each question are to be attempted at one place.
 iii) All questions carry equal marks, out of which part A and B (Max. 50 words) carry 2 marks, part C (Max. 100 words) carry 3 marks, part D (Max. 400 words) carry 7 marks.
 iv) Except numericals, Derivation, Design and Drawing etc.

1. a) What are Producer's Goods?
 b) Define Risk and Uncertainty.
 c) What is Positive and Normative Approach in Economics?
 d) How is Managerial Economics different from traditional economics?

OR

"In normal and formal economic theory, we often assume profit maximization. In reality firms do not maximize profit, in fact, they cannot." Comment.

2. a) What is income effect?
 b) Explain Law of Equi-Marginal Utility.
 c) What are Giffen goods? Explain Giffen paradox.
 d) Discuss critically the different methods of demand forecasting.

OR

Define elasticity of demand. Distinguish between price elasticity, income elasticity and cross elasticity of demand.

3. a) Define Normal profit and Supernormal profit.
 b) What is Marginal Cost and Opportunity Cost?
 c) Differentiate between Accounting and Economic costs.
 d) What are different types of costs? Draw and explain short run and long run average cost curves.

OR

ABC. Ltd. has estimates that Sales will be 15,000, units amounting Rs.1,50,000, Fixed expenses are Rs.34,000 and Variable cost is Rs.6 per unit. Calculate the break-even point in each of the following cases:

- i) Decrease of 10% in selling price.
 ii) Increase of 10% in variable costs.
 iii) Increase of sales volume by 2,000 units.
 iv) Increase of Rs.6,000 in fixed costs.

4. a) Explain with graph law of supply.
 b) What is Law of Diminishing Returns to Scale?
 c) What is Law of Variable Proportion?
 d) What is Production Function? Draw and explain Iso-quant curves and its characteristics.

OR

Explain the economies and diseconomies of scale.

5. a) Define Oligopoly.
 b) The day time telephone rates are more than that at night. On what pricing theory is this practice based?
 c) What do you mean by Monopoly? Can monopolist increase the price of its product indefinitely?
 d) What are essential conditions of perfect competition? Explain how price is determined under perfect competition.

OR

What is pricing? Explain different pricing strategies.