MBAC 1002

M.B.A. DEGREE EXAMINATION, JUNE 2017.

First Semester

General

MANAGERIAL ECONOMICS

Time : Three hours   Maximum : 100 marks

PART A — ($5 \times 6 = 30$ marks)

Answer any FIVE questions.

1. Briefly explain the nature of Managerial Economics.

2. Briefly explain exceptions to downward sloping of demand curve.

3. Explain the Cobb Douglas Production function.

4. If 10,000 units are sold at Rs. 10 per unit, incurring variable cost of Rs. 6 per unit and fixed cost of Rs. 20,000, what shall be the BEP?

5. Distinguish between Perfect competition and Monopoly.

6. Briefly explain the different types of unemployment.

7. Bring out the difficulties involved in measuring National Income.

8. Discuss the pros and cons of India's huge population.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Explain the different objectives of a firm.

10. Illustrate the implications of elasticity of demand in business decision-making.

11. Explain the major issues confronting a manager and how managerial economics can come to his rescue in tackling these issues.

12. Explain the determinants of cost.

13. What do you mean by price discrimination? Explain the objectives of price discrimination.

14. Explain the law of diminishing returns to scale with examples and suitable diagram.

15. Explain the different types of monopolies.

16. Explain the different types of risks and uncertainties and how they can be managed.

PART C — (20 marks)

Compulsory.

17. Cast study :

India had the distinction of being the world's largest economy in the beginning of Christian era, accounting for about 32.9% share of world GDP and about 17% of the world population. However, India's share in foreign trade hovered around the one percent mark during most part of 20th century while the current share is 2.7%. FDI averaged only around $200 Million annually during 1985-91. Balance of payments have largely been negative during this period and FDI accounted for merely 0.1% of GDP while it rose to 2% during the 21st century. Indian exports could cover only 66.2% of imports as on 1990-91. India's balance of payments has taken a positive turn since 1996.

FDI in India has reached 2% of GDP, compared with 0.1% in 1990. India's remittances during 1991 stood at $0.1 billion while it reached $25.7 billion.

Attempt an analytical explanation of the above facts and figures highlighting the benefits accruing to India due to the LPG policy implemented during 1991. Also, provide your arguments against LPG policy by highlighting the negative points associated with the policy.