

## MBAC 1002

M.B.A. DEGREE EXAMINATION,  
DECEMBER 2016/JANUARY 2017.

First Semester

General

### MANAGERIAL ECONOMICS

Time : Three hours

Maximum : 100 marks

SECTION A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Define managerial economics and bring out its scope.
2. Briefly explain the concept of derived demand with suitable examples.
3. What do you mean by sunk cost and shut down cost?
4. Distinguish between risk and uncertainty.
5. Briefly define the term "Market" and bring out its characteristics.

6. Briefly explain the criteria for grouping people under Below Poverty Line.
7. What is your opinion about Indian economy adopting liberalisation since 1991?
8. What is your opinion about impact of 2008 recession on India?

SECTION B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Explain the determinants of demand.
10. Explain the different types of elasticity of demand.
11. Define National Income and explain the three methods of measuring National Income.
12. What is your opinion of allowing FDI in to Indian retailing? Substantiate your opinion with arguments for and against the issue.
13. Explain the benefits of PPP arrangements.
14. Explain the objectives of fiscal and monetary policies of government of India.
15. Explain the features of perfect competition.
16. Explain the cost-output relationship in the short run with illustration and suitable diagram.

SECTION C — (20 marks)

Compulsory.

17. Case Study :

Zavier Limited is selling 80,000 units at Rs. 20 per unit, incurring a variable cost of Rs. 15 per unit and fixed cost to the tune of Rs. 2,00,000. Calculate :

- (a) Margin of safety of the company at current level of sales.
- (b) Estimate the sales to be managed by the company in order to achieve a profit of Rs. 5,00,000.
- (c) Estimate the likely impact on profits of the company if the company reduces the selling price to Rs. 18 per unit which shall increase the sales by 10% and reduce variable cost by one rupee per unit.