Code: **BA1T2**

I MBA-I Semester-Regular Examinations FEBRUARY 2014

MANAGERIAL ECONONICS

Duration: 3hours   Max. Marks: 70

SECTION-A

1. Answer any FIVE of the following: **5 x 2 = 10 M**

1.   a. Incremental concept in economics

b. Law of Supply

c. Luxury goods

d. Forecasting techniques

e. Returns to factors

f. Cob - Douglas production function

g. Monopoly

h. Business Cycles

SECTION – B

Answer the following: **5 x 10 = 50 M**

2. a) Define managerial economics and its role in managerial
   decisions.

OR

b) Time perspective in managerial economics and its relation
   with risk and uncertainty.

3. a) What is law of demand? How do you measure the elasticity of demand?

OR

b) Define supply function and explain the elasticity of supply.

4. a) Explain iso-cost and iso-quant functions in theory of production

OR

b) Write about various types of costs.

5. a) Explain the profit maximization condition in Monopoly competition.

OR

b) Explain various pricing methods.

6. a) What are the various methods of measuring the national income?

OR

b) Explain various theories of Profit.

SECTION – C

7. Case Study   **1 x 10 = 10 M**

A new 'Lassi' shop opens in Vijayawada. The average price of a medium lassi glass in Vijayawada is Rs.10. The owner of Lassi shop estimated the total cost function (per month) for his business as given below:

$TC = 1000 + 2Q + 0.01Q^2$.

Questions:

a) How many lassi glasses he should sell in a month to maximize his profits?

b) What is the average cost associated with this volume?

c) How much profit he will earn in a month?

d) Because of the increased competition, if the price of the lassi glass comes down to Rs.9, how many additional glasses he should sell?