

Code: BA1T2

I MBA - I Semester - Regular Examinations - December 2015

MANAGERIAL ECONOMICS

Duration: 3hours

Max. Marks: 70

SECTION-A

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

- a) Opportunity cost concept in business economics.
- b) Law of Demand.
- c) Normal Goods.
- d) Forecasting techniques.
- e) Returns to scale.
- f) Short run and long run cost functions.
- g) Perfect competition.
- h) Business Cycles.

SECTION – B

Answer the following: 5 x 10 = 50 M

2. a) What is the nature and scope of managerial economics.

(OR)

b) Write about the significance of marginal analysis in managerial decisions.

3. a) What is law of supply? Explain the concept of elasticity of supply.

(OR)

b) What are various types of elasticity of demand and their significance?

4. a) Explain Cob-Douglas production function and its significance in theory of production .

(OR)

b) Explain the relation between average and marginal cost curves.

5. a) Explain the profit maximizing price and output in the perfect competition.

(OR)

b) Explain various pricing methods.

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

(OR)

b) Explain the modern theory of Profit.

SECTION – C

7. Case Study

1 x 10 = 10 M

‘Delta software solutions’ is a small firm that specializes in the production and sales of software programmes. The accounting department has generated the following data on development and production cost of software programmes:

<i>Development cost(fixed cost):</i>		<i>Variable cost per unit:</i>	
Programme development	Rs. 10,000	Blank CD disk	Rs. 2.00
Manual preparation and typing	Rs. 3,000	Loading cost	Rs. 0.50
Advertisement	Rs. 10,000	Printing the manual	Rs. 2.75
		Postage and handling	Rs. 1.25

The company sells its software programme including manual for Rs. 40.

Questions:

- Determine the break-even number of units of each software programme.
- Estimate the total revenue associated with BEP volume of sales.
- Calculate the profit if the company sells 700 units.
- If the company targets to get a profit of Rs. 40,000 on each programme it develops, what should be the target of sales volume (both in units and rupees).