

AP-248

M.B.A. Semester-I Examination

MANAGERIAL ECONOMICS

Paper—102

Time—Three Hours]

[Maximum Marks—70

Note :— Solve ALL questions.

SECTION—A

1. (a) Explain the concept and need of managerial economics in the context of Indian Entrepreneurs.

14

OR

- (b) Describe the varied applications of managerial economics.

14

SECTION—B

2. (a) Explain the main factors affecting price elasticity of demand.

7

- (b) The demand function for a commodity is estimated to be $Q_d = 2,50,000 - 35 P$. Calculate the price elasticity of demand between prices Rs. 2,000 and Rs. 3,000 per unit.

7

OR

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(Contd.)

- (c) Discuss the concept of Consumer Surplus. 7
 (d) Workout the impact of decline in per capita income and increase in price of petrol on demand of cars for the given data

Per capita income declined by 2%

Price of petrol increased by 10%

Income elasticity of demand for cars is estimated to be + 1.5

Cross price elasticity of petrol and cars is estimated to be -0.30 7

3. (a) Detail out the Economies of Scale. 7
 (b) The marginal cost of production of a synthetic robber glove is Rs. 5 compared with the marginal cost of a rubber glove made of natural rubber which is Rs. 2.5. The market price of the glove made of natural rubber is Rs. 10. What will be the price of the rubber glove made of synthetic rubber? (Assumption : Producer equilibrium is maintained at that output level) 7

OR

- (c) Discuss the concept of ISOQUANT curves. 7
 (d) Long run cost function of a firm is

$$T_c = Q^3 - 40Q^2 + 450Q$$

Calculate minimum possible average cost. 7

SECTION—C

4. (a) Explain Sales Revenue Maximisation Model. 7
 (b) Explain Managerial Utility Model. 7

OR

- (c) Discuss the theory of profit maximisation under different market structures. 7
 (d) Discuss Simon's satisfying behaviour model. 7

SECTION—D

5. The market supply and demand functions for a product are given by $Q_s = 3000 + 20p$ and $Q_d = 13500 - 50p$.

The industry supplying the product is perfectly competitive. An individual firm has fixed costs of Rs. 500 per period. Its Average variable cost function is $AVC = 150 - 18Q + Q^2$.

Calculate :

- (I) Equilibrium Price 3
 (II) Equilibrium Quantity 5
 (III) Maximum Profit 6
 that firm can earn.