M.B.A. Semester - I

Paper - 102 : Managerial Economics

P. Pages : 3

Time : Three Hours | Max. Marks : 70

Notes : 1. Solve all questions.

SECTION – A

1. a) "Managerial Economics as a branch of study is well equipped with the techniques of decision making" Elaborate. **14**

OR

b) "Managerial Economics is the Umbrella in the hands of Business - Man". Discuss. **14**

SECTION – B

2. a) Explain the main determinants of Income Elasticity of demand. **7**

b) The demand function for a good in Secunderabad is worked out as 68 – 4 P. Calculate the theoretical maximum quantity of good demanded and theoretical maximum price of the good. **7**

OR

c) Explain Income effect & substitution effect. **7**

d) Workout the price elasticity of demand for fuel oil as its price increases from Rs. 40 to Rs. 60 as quantity demanded decreases 120 millions of gallons to 80 millions of gallons. **7**

3. a) Elaborate the law of diminishing marginal productivity. **7**

b) Total cost of production for a firm to produce 200 units is Rs. 12,500 and 13,500 for 250 units. What would be the fixed cost for the firm, if the average variable cost is constant. **7**

OR

c) Explain the concept of Expansion path. **7**

d) The production function of Roomex an auto spare parts manufacturer is estimated to be $Q = 30 K^{0.5} L^{0.5}$. If the prices of capital (r) and labor (w) are Rs. 20 and Rs. 30 per unit respectively workout the minimum possible cost of producing 180 units. **7**

SECTION – C

4. a) Discuss 'Managerial Utility model'. **7**

b) How sales maximisation leads to profit maximisation? **7**

OR

c) Discuss 'Simon satisfying Behaviour model'. **7**

d) Discuss in brief theory of firm. **7**

SECTION – D

5. The total cost function for a monopolist is given by the equation $Tc = 900 + 40 Q^2$. The demand function for the goods produced by the monopolist is given by $2Q = 48 - 0.08 P$.
Workout

i) Equation of marginal Revenue. **3**

ii) Equation of marginal cost. **4**

iii) Profit maximizing price for the monopolist. **7**

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