USN | | | | | | | | | |

18MBA12

First Semester MBA Degree Examination, Dec.2018/Jan.2019
Managerial Economics

Time: 3 hrs.   Max. Marks: 100

Note: *1. Answer any FOUR full questions from Q1 to Q7.*
2. Question No. 8 is compulsory.

1 a. What is Agency Model? (03 Marks)
   b. Explain the properties of Isoqunats. (07 Marks)
   c. Explain the scope of Managerial Economics. (10 Marks)

2 a. Why under perfect competition "the firm is price takes and not price maker?" (03 Marks)
   b. Explain the concept and principles of Managerial Economics. (07 Marks)
   c. What is wealth maximization? What are the significance of wealth maximization? (10 Marks)

3 a. Define managerial economics. (03 Marks)
   b. What is price elasticity of demand? What are the various price elasticities of demand? (07 Marks)
   c. Explain the law of variable proportion with the help of neat diagram. (10 Marks)

4 a. What is the relationship between TVC, TFC and TC. (03 Marks)
   b. Explain the Marris model of Managerial Enterprise. (07 Marks)
   c. Describe the short-run cost output relation. (10 Marks)

5 a. What is break-even point? (03 Marks)
   b. Explain the features of perfect competition. (07 Marks)
   c. Explain law of demand. (10 Marks)

6 a. Why average cost curve is U-shaped? (03 Marks)
   b. Explain the economics and dis-economics of scale. (07 Marks)
   c. What are the uses and assumptions of BEA? And explain break even chart with neat diagram. (10 Marks)

7 a. What is fixed and variable cost with one example each? (03 Marks)
   b. Explain the law of supply. (07 Marks)
   c. Explain the price determination under monopolistic competition both under long and short run. (10 Marks)

8   CASE STUDY [Compulsory]

ABC Ltd provides you the following information for the year ending 31st March 2018.

i)	Normal capacity	– 2000 units
ii)	Selling price per unit	– Rs. 10
iii)	Direct material	– Rs. 2000
iv)	Direct wages	– Rs.2000
v)	Direct expenses	– Rs. 1600
vi)	Factory overheads (15% variable)	– Rs. 4000
vii)	Office and administration expenses (80% fixed)	– Rs. 4000
viii)	Selling and distribution expenses (75% fixed)	– Rs. 4000

You are required to calculate :
i) Profit volume ratio
ii) Break – even point in amount
iii) Break – even point (in %)
iv) Margin of safety (in units)
v) Margin of safety (in %).

(20 Marks)

*****