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10MBA12

First Semester MBA Degree Examination, June/July 2013
Managerial Economics

Time: 3 hrs.

Max. Marks: 100

Note: 1. Answer FOUR full questions from Q1 to Q7.
2. Q8 is compulsory.

- 1 a. What is the nature of managerial economics? (03 Marks)
b. Briefly explain the significance of managerial economics. (07 Marks)
c. How does micro economics differ from macro economics. (10 Marks)
- 2 a. What do you understand by the term incremental cost? (03 Marks)
b. Briefly explain how equi-marginal principle helps in allocation of the available resources. (07 Marks)
c. Explain with example the principle of time perspective in decision making. (10 Marks)
- 3 a. What is meant by elasticity of demand? (03 Marks)
b. Explain briefly the factors affecting demand. (07 Marks)
c. Describe the significance of demand forecasting methods. (10 Marks)
- 4 a. Give three important objectives of a firm in today's world. (03 Marks)
b. Explain Morris model of 'Managerial enterprise'. (07 Marks)
c. Explain Baumol's revenue maximizing model. (10 Marks)
- 5 a. What do you mean by production function? (03 Marks)
b. Distinguish between internal and external economics of scale. (07 Marks)
c. Explain Producer's equilibrium in the process of production. (10 Marks)
- 6 a. What do you mean by total, average and marginal cost? (03 Marks)
b. Explain the cost output relation in shortrun. (07 Marks)
c. Explain the cost concepts. (10 Marks)
- 7 a. What do you mean by price discrimination? (03 Marks)
b. Explain the role of time element in price determination. (07 Marks)
c. How is price output determination under monopolistic competition. (10 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

8 CASE STUDY :

Xerox corporation ('Xerox', a popular global brand) is the largest photocopier manufactures in the global market. In the year 2000, the profit-making firm suddenly experienced a huge loss. Data given below :

Year end December	Total revenue (TR)	Total costs (TC)	Gross profit	Net Income
1998	19,593	19,014	597	273
1999	19,567	17,649	1,908	1,339
2000	18,751	19,118	-367	-273
2001	17,008	16,680	328	-94
2002	15,849	15,745	104	91
2003	15,701	15,265	436	360

Note : (-) implies loss.

Question :

- State the main problem of Xerox in late 1990s. (03 Marks)
- Give a suitable graphical presentation of the data given (05 Marks)
- Give an outline of the 'Turnaround strategy' of the Xerox corporation. (05 Marks)
- What lessons can you derive for the Modi-Xerox? (07 Marks)
