

**M.B.A. Semester—I Examination .**  
**MANAGERIAL ECONOMICS**  
**Paper—MBA/102**

Time : Three Hours]

[Maximum Marks : 70

**Note :—**(1) Attempt **ALL** questions.

(2) Figure to the right indicates marks.

(3) Use of non-programmable calculator is permitted.

**SECTION—A**

1. (a) Managerial Economics depends upon the economic theory for various concepts and tools to be applied for solving practical business problems. Discuss. 14

**OR**

- (b) What is Managerial Economics ? Discuss the scope of Managerial Economics in business. 14

**SECTION—B**

2. (a) "The Indifference Curve analysis has been a major advantage in the field of consumer demand." Critically examine this statement. 7

- (b) Sham consumes two varieties of fruits—Apples and Mangoes. At a given point of time, Mangoes cost twice as much as Apple. If he wishes to maximise his utility, how much marginal utility will be derived from Mangoes, if it is known that Sham derives 9 units of utility from the consumption of an additional Apple. 7

**OR**

- (c) Define cross elasticity of demand. How does such elasticity differ in case of substitutes and complementary goods ? 7

- (d) The demand function for a commodity is estimated to be  $Q_d = 5,00,000 - 70 P$ . Calculate the price elasticity of demand between prices Rs. 4,000 and Rs. 6,000 per unit. 7

3. (a) What are the internal and external economies available to a large scale firm ? 7

- (b) Two firms in the same industry sell their products at Rs. 10 per unit. One firm has Total Fixed Cost of Rs. 100 and Variable Cost of Rs. 6, while the other firm has Total Fixed Cost of Rs. 300 and variable cost of Rs. 3.33. Determine the break-even outputs of both the firms. 7

**OR**

- (c) Explain the law of Returns to scale. Describe them using iso-quants. 7

- (d) If Total Cost Function is given by :

$$TC = 2000 + 500 Q + 20Q^2$$

$$Q = 2 \text{ units}$$

Calculate TC, AC & MC. 7

**SECTION—C**

4. (a) Profit maximisation is not the sole aim of a business firm. Discuss. 7  
(b) Outline Baumol's model of Sales Maximisation. 7

**OR**

- (c) Discuss the main objectives of the firm in an Economy. 7  
(d) Write a note on Simon satisfying behaviour Model. 7

**SECTION—D**

5. Being Monopolist in prevailing market a movie theater is able to separate its customers into two separate markets as general public and students, with the following cost and demand function :

$$TC = 7 + 2 Q_G + 2Q_S$$

$$P_G = 20 - 3 Q_G$$

$$P_S = 12 - Q_S$$

Where,  $P_G$  = Price of Ticket for general public

$P_S$  = Price of Ticket for students

$Q_G$  = Quantity demanded for general public

$Q_S$  = Quantity demanded for students

- (a) Find profit maximising Quantity for general public 4  
(b) Find profit maximising Quantity for Students 3  
(c) Compute Total profit made by the Theatre. 7