



I Semester M.B.A. (Day) Degree Examination, February 2012  
(Scheme : 2007-08)

## MANAGEMENT

## Paper – 1.4 : Managerial Economics

Time : 3 Hours

Max. Marks : 75

## SECTION – A

1. Answer any six questions :

- What is meant by production function ?
- What are the causes of diminishing return ?
- Define marginal cost.
- What is transfer earnings ?
- Define cartel.
- What is economics of scope ?
- What is dumping ?
- What is welfare triangle ?

## SECTION – B

Answer any three questions :

- How least cost combination is determined using a map of isoquants and isocost ?
- What is meant by production possibility curve ? How can central problem of an economy be explained by it ?
- Suppose the demand function for komal butter in a town is estimated to be :  
 $Q_d = 600 - 5P$   
Where,  $Q_d$  is quantity demanded of butter (in 000 kgs per week) and  $P$  stands for price.
  - Estimate at what price, demand would be zero.
  - Calculate quantity demanded at alternative prices : Rs. 25, Rs. 50.
- Distinguish between increase in demand and extension of demand.
- Why is short run average cost curve u-shaped ?

P.T.O.



## SECTION - C

Answer any two of the following question :

(2x12=24)

7. Describe the main features of oligopoly. Explain the kinked demand hypothesis of oligopoly market.
8. Distinguish between law of return to a variable factor and law of return to scale.
9. Write short notes on :
  - a) Marris's growth model of a firm
  - b) Baumol's model of sales maximization.

SECTION - D  
Compulsory

(1x15=15)

10. A company has the following data : Estimate sales for 1986.

Year	Sales
1980	100
1981	107
1982	128
1983	140
1984	181
1985	192