

2017

M B A

1st Semester Examination

MANAGERIAL ECONOMICS

PAPER—MBA 102

Full Marks : 100

Time : 3 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

1. Answer any *eight* questions from the following : 8×5
 - (a) Define Managerial Economics. Do you think that Managerial Economics is a part of Microeconomics ?7
 - (b) Explain the profit maximisation hypothesis.
 - (c) Distinguish between individual demand curve and market demand curve.

(Turn Over)

- (d) What is an iso-product curve? Draw such a curve and explain its properties.
- (e) What is law of supply? What are the determinants of supply? 2+3
- (f) What is Cobb-Douglas production function? What are the properties of this function?
- (g) Explain returns to scale. 2+3
- (h) Distinguish between marginal propensity to consume (MPC) and marginal propensity to save (MPS). Prove that $MPC + MPS = 1$. 2+3
- (i) Explain circular flow of income.
- (j) Explain paradox of thrift.
- (k) Is GNP a true index of a Nation's welfare?
- (l) Distinguish demand pull inflation and cost push inflation.

2. Answer any *four* questions from the following : 4×10

- (a) Explain the law of demand. Mention any six exceptions to the law of demand. Distinguish among own, cross and income elasticities of demand. 2+3+5

- (b) (i) Explain the relation between average cost (AC) and marginal cost (MC). Graphically represent this relation when will AC be equal to MC ?
- (ii) Distinguish between fixed cost and variable cost. Do you think that this distinction is always valid ? 6+4
- (c) What is break-even point ? How can it be determined ? Explain with example. 2+4+4
- (d) Define national income of a country. What are the different methods for the measurement of national income of a country ? Explain any one method, indicating the inherent difficulties involved in such measurement. 2+2+6
- (e) What do you mean by equilibrium National Income ? Explain the process of determination of equilibrium National Income. 3+7
- (f) What are the different phases of Business Cycle ? What are the different stabilisation policies ? 5+5

[Internal Assessment : 20 Marks]
