2017/ODD/10/29/MBAC–102/096

PG Odd Semester (CBCS) Exam., December—2017

BUSINESS ADMINISTRATION

(1st Semester)

Course No. : MBACC–102

(Managerial Economics)

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. *(a)* What is managerial economics? Why should a manager study managerial economics? 3+4=7

(b) List out the factors which determine the market demand for the following products : 7

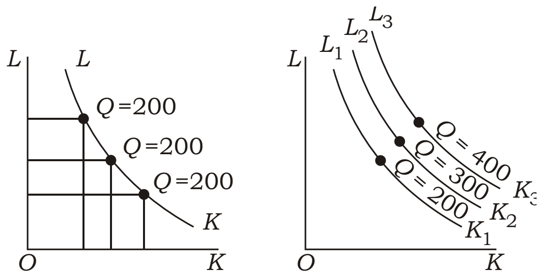
(i) Smart watch

(ii) Bluetooth headsets

(iii) Kentucky Fried Chicken (KFC)

2. *(a)* Define production function and Cobb-Douglus production function. 7

(b) Explain, what the following diagrams indicate : 7



OR

3. *(a)* Observe the following data :

Output	*TFC*	*TC*
0	300	1200
1	300	1800
2	300	2000
3	300	2100
4	300	2250
5	300	2600
6	300	3300

Calculate—

(i) TVC;

(ii) AFC;

(iii) ATC;

(iv) AVC;

(v) MC;

for all units of output in schedule. 7

(b) You have been hired to replace the managers of Toys for Tots charity which uses only two inputs, labour and capital, to produce and distribute toys to poor children. The charity can hire as much labour as it wants as wage of ₹ 5 per hour and can rent as much as capital as its wants at a price of ₹ 5 per hour. After you look at the company books, you learn that the charity has been using labour and capital in amounts that imply a marginal product of labour of 50 and marginal product of capital of 100.

Now, answer :

(i) Is the charity running right? Explain.

(ii) How can the charity be improved? Explain.

(iii) What do macro-economic assumptions imply about the effectiveness of giving toys to poor children? 2+2+3=7

4. What is perfect competition? Explain equilibrium of firm under perfect competition. 4+10=14

OR

5. What is oligopoly? Explain the price rigidity under oligopoly with the help of kinked demand curve analysis. 4+10=14

6. Explain any two methods used for determining national income. 14

OR

7. Distinguish between 'inflation' and 'deflation'. Describe various causes and effects of inflation. 14

8. Describe the effects of each of the following managerial decisions or economic influences on the value of firm : 14

(a) The firm is required to install new equipments to reduce air pollution.

(b) Through heavy expenditures on advertising the firm's marketing department sales sustainability.

(c) Production department purchases new equipments that lowers manufacturing costs.

(d) The firm raises prices. Quantity demanded in short-run is unaffected, but in the longer run, units sales are expected to decline.

(e) The firm produces more than quantity of foods, but beyond the point of intersection between marginal cost curve and average total cost curve.

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