

[2010]

M.B.A. Ist Semester (Main/Back) Examination - Jan./Feb. 2010

Managerial Economics

1M6104

Time : 3 Hours

Maximum Marks : 70

Min. Passing Marks : 28

Instructions to Candidates:

The question paper is divided into two sections. Section A contains 6 questions out of which the candidate is required to attempt any four questions. Section B contains short case study/application based one question which is compulsory. All questions carry equal marks.

Section - A

1. a) Distinguish between microeconomics, macroeconomics and managerial economics.
b) Distinguish between marginal and average magnitude. (7+7)
2. Demonstrate with an example how marginal utility can be derived from total utility when the total utility can be measured cardinally. (14)
3. What is the difference between demand estimation and demand forecasting? (14)
4. What are the characteristics of a perfectly competitive market? (14)
5. Bring out the relationship between fiscal and monetary policies. (14)
6. a) Short Note :-
 - i) Price discrimination
 - ii) Kinked demand Hypothecation.
6. a) Short Note :-
 - i) Price discrimination
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- b) How are the CPI, the WPI and the GDP deflator different from each other and when can we use each of these? (4+10)

Section - B

Case Study

7. Mr. Rodriques runs a grocery shop from a house that he owns in panjim. Recently, the shipping company that he used to work for earlier for Rs. 95,000 per year made him an offer for employment. Mr. Rodriques's annual income statement is as follows:

Revenue	Rs. 6,25,000
Cost of goods sold	Rs. 3,25,000
Wages (of assistants)	Rs. 75,000
Taxes	Rs. 30,000
Interest	Rs. 5,000
Other expenses	Rs. 15,000
Profit	Rs.1,75,000

The market value of the shop is Rs. 3,50,000. That is, if wishes he could sell the shop for this amount. He could also rent out of the building for Rs. 50,000 per year. If he sells the business, he can invest and earn an annual return of 9 percent. Should Mr. Rodriques continue in his business or should he join the shipping company? (14)