ME 01

Managerial Economics
MMS-I
22-12-2009

Roll No :

Total No of Questions 5

Duration (hrs)   3

Total No of Printed Pages-3

Maximum Marks- 30 *Section - I*

30 *Section - II*

60 *Total*

SECTION-I

Note: All Questions are Compulsory.

Question-4 carries 10 marks . Rest all carry 5 marks each

Make neat diagrams to supplement your answers

Each Section Solved on SEPARATE Answer Books.

Q1 Explain what is economics. Give wealth definition or welfare definition of economics

Or

Explain equilibrium. Explain shifts in equilibrium

Q-2 What is supply. Explain the determinants of supply. Explain shifts in the supply curve with an example

Q-3 Explain price elasticity of demand with examples and diagrams

Or

What does the term demand forecasting mean? On what does the choice of forecasting technique depends

Q-4 Explain the term monopoly. What are its features. Explain discriminating monopoly and its degrees.

Or

What do you understand by market structure. Compare the three market structures viz monopoly, perfect compilation and monopolistic compilation. Which is more efficient

Q-5 The following information is available on the sales and profits of

Best Retail outlet at Ghaziabad.

Sales (in thousands)	Profits (in lakhs)
7	0.3
2	0.2
6	0.26
4	0.3
14	0.5
15	0.54
16	0.4
12	0.4

Fit a regression line for the data and predict what would be the profit if the outlet has a sales figure of 10 (in Rs thousand)

SECTION II

1. Explain the importance of economies of large scale production ; internal and external economies.   10

2. Explain the role of the following in explaining business profits – (i) Innovations   (ii) Risk and uncertainty bearing.   10

3. a) Bring out the managerial uses of Break Even Analysis.   5

  b) Calculate the B. E. P. output if the variable costs of A Ltd are 75 percent of its sales and the fixed costs are Rs. 5000.   5

4. a) Briefly explain the nature of capital budgeting and its importance in business.   5

  b) Consider two alternative processes for future use. Equipment costs for both methods will be equally depreciated over a 10-year period.:   5

Process	Initial cost	Annual returns
X	2400	180
Y	3000	170

5. a) Explain various concepts of National Income. what is the use of macroeconomic indicators in business planning?   10

  b) In an economy of two industries A and B where the data is expressed in million rupees, Determine the total outputs if the final demands are changed to 180 and 440 units respectively:

	A	B	Final demands.
A	200	250	50
B	100	500	400