

Roll No.

Total No. of Pages : 02

Total No. of Questions : 17

MBA (2018 Batch) (Sem.-1)
MANAGERIAL ECONOMICS
Subject Code : MBA-102-18
Paper ID : [75403]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A contains EIGHT questions carrying TWO marks each and students has to attempt ALL questions.
2. SECTIONS-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and consist of ONE Case Study carrying TWELVE marks.

SECTION-A**Answer briefly :**

1. Define Demand.
2. What is Cross Elasticity of Demand?
3. Define Returns to Scale.
4. What is production function?
5. Define perfect market.
6. Differentiate between real interest rate and nominal interest rate.
7. What is psychological law of consumption?
8. What is effective demand?

SECTION-B**UNIT-I**

9. Discuss the meaning and nature of managerial economics.
10. What is demand forecasting? What are the benefits of demand forecasting of a new product?

UNIT-II

11. Explain how the least cost combination of inputs can be achieved.
12. Describe relationship between total revenue, average revenue and marginal revenue.

UNIT-III

13. What is perfect competition? Explain the conditions of equilibrium of firm under perfect competition in short run.
14. Describe the main features of land as factor of production.

UNIT-IV

15. Define national income. What are the difficulties in measuring national income?
16. What is inflation? Explain its causes.

SECTION-C**17. Case Study :**

Food prices often rise or fall with good or bad harvests or because of a change in demand. A recent example is the price of Brazil nuts, which by May this year had risen over 60% on European markets.

Part of the reason for the price rise has been on the demand side. Consumption of Brazil nuts has increased as more people switch to healthier diets. This includes the purchase of the nuts themselves and as part of healthier snack foods. With supply being relatively inelastic, any rise in demand tends to have a relatively large effect on price.

A more acute reason is on the supply side. There has been a very poor harvest of Brazil nuts. The nuts are grown largely in the Amazon basin which has been hit by drought linked to the El Nino effect. This, however, is only a temporary effect and future harvests should increase again as rainfall returns to normal. However, in the longer term, rainfall patterns may change with the effects of global warming.

Questions :

- a) Explain the supply conditions of Brazil nuts as discussed in the above case.
- b) What determines the price of Brazil nuts?