C 32264

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Name..

Reg. No.....................................

FIRST SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2017

(CUCSS)

BUS 1C 06—MANAGERIAL ECONOMICS

(2016 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all *the questions.*

Each question carries 1 weightage.

1. What are 'Giffen goods' ?

2. What is Market Demand ?

3. What are indifference maps ?

4. What is price elasticity ?

5. Define MRTS.

6. What causes inflation in an economy ?

(6 × 1 = 6 weightage)

Part B

Answer any **four** *questions.*

Each question carries 3 weightage.

7. Discuss the 'Cobb-Douglas Cost and Production Functions'.

8. Explain 'Price Competition with Homogeneous Products'. Give examples.

9. Discuss in detail the models of economic development.

10. Explain perfect substitutes and perfect complements. Give suitable examples.

11. Explain why the industry supply curve is not the long run industry marginal cost curve.

12. Comment on the characteristics of different types of market structures.

(4 × 3 = 12 weightage)

Turn over

Part C

Answer any **three** *questions.*
Each question carries 4 weightage.

13. The short run cost function of a company is given by the equation TC = 200 + 55q where TC is the total cost and q is the total quantity of output, both measured in thousands. Answer the following question :

    (a) What is the company's fixed cost ?

    (b) If the company produced 100,000 units of goods, what would be its average variable cost ?

    (c) What would be its marginal cost of production ?

    (d) Suppose the company borrows money and expand its factory. Its fixed costs rises by INR 50,000 but its variable cost falls to INR 45,000 per 1000 units. The cost of interest (i) also enters into the equation. Each 1-point increase in the interest rate raises costs by INR 3000. Write the new cost equation.

14. Discuss the elasticities of demand for different types of goods. Give suitable examples.

15. Explain the production function with two variable inputs with appropriate examples.

16. Explain the difference between a shift in the supply curve and a movement along the supply curve.

17. The kinked demand curve describes price rigidity. Explain how the model works. What are its limitations ?

(3 × 4 = 12 weightage)

Part D

Answer the **compulsory question.**
6 weightage.

18. The heat of oil prices was strongly felt as the oil prices reached $50 per barrel in early 2005 from $10 per barrel in 1998. The prices were driven by the surge in demand in countries that included US, India and China and also the supply factors that had failed to meet the rise in demand. Although people expected the high price of oil to be sustainable for a longer term, some analysts were skeptical about the further increase in oil price and estimated the prices to fall, as in any other business cycle.

    Questions :

    1. Discuss the demand and supply factors affecting the oil prices and the challenges faced by the oil industry.

    2. Enumerate on the idea of introducing price ceilings and price caps for oil in India for regulating the oil prices. What are its after effects ?

(6 weightage)