

**MBAS 405**

**First Semester M.B.A. Degree Examination, January 2018**  
**BUSINESS ADMINISTRATION**  
**Economics for Managers**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**  
**(Compulsory)**

Sri Dharmasthala Manjunatheshwara  
College of Business Management, Mangalore  
Post Graduate Centre for Management  
Studies and Research Library

**Note** : Answer to the question should **not** exceed **six** pages :

**(1×15=15)**

1. Explain the importance of the study of managerial economics.

**SECTION – B**

**Note** : Answer **any five** questions. **Each** question carries **eight** marks.

Answer to the question should **not** exceed **five** pages.

**(5×8=40)**

2. State and explain the law of demand. Are there any exceptions to the law ?
3. Is price elasticity same throughout a given demand curve ? Illustrate.
4. Explain the different cost concepts and its importance in managerial economics.
5. Explain briefly the important methods of demand forecasting.
6. What are Iso-quants ? Explain the laws of returns to scale.
7. What are the characteristic features of monopolistic competition ? How is price and output determined under monopolistic competition.
8. Critically evaluate Risk and Dynamic theories of profit.
9. What is meant by discretionary fiscal policy ? How does discretionary fiscal policy help in curing recession and attaining equilibrium at full employment level ?

P.T.O.



SECTION – C  
(Compulsory)

**Note :** Answer to the question should **not** exceed **six** pages. (1×15=15)

10. A departmental store conducted a study of the demand for shirt's. It found that the average daily demand (D) in terms of price(P) is given by the equation :

$$D = 700 - 5P$$

- i) How many shirts per day can the store expect to sell at a price of Rs. 100 per shirt ?
- ii) If the store wants to sell 100 shirts per day, what price should it charge ?
- iii) What is the highest price anyone would be willing to pay ?