

Xeroxed - 60

SVKM's NMIMS University
School of Distance Learning

Managerial Economics

Marks: 100

Date: 17.12.2007
Time: 3.00 to 6.00

Note (a) Attempt any five questions.
(b) All questions carry equal marks.

1. What are 'returns to scale'? Explain increasing, constant and decreasing returns to scale.
2. Explain different barriers to entry with illustrations.
3. What are the characteristics of perfect competition and how is equilibrium reached in the long run?
4. Explain how price and output are determined in short run under monopolistic competition?
5. Explain the concept of 'price elasticity' and 'income elasticity'?
6. Explain the concept of Break-even with illustrations.
7. a. Determine the optimum output level when $TC = 128 + 6Q + 2Q^2$
b. ATV Company sells colour TV sets at Rs.15000 each. Its fixed costs are Rs.30,000/- and its average variable costs are Rs.10,000/- per unit. Determine the break-even rate of production.
8. Explain the fundamental nature and scope of managerial economics.
9. Explain the concept of total costs, Average fixed costs, Average variable costs, Average Total Cost, Marginal Cost and the relationship between marginal costs and average costs.
10. Write short notes on any 3.
 - a) Economic Profit and Accounting Profit.
 - b) Explicit and Implicit costs.
 - c) Direct costs and Indirect costs.
 - d) Sunk costs and Incremental costs.
 - e) Economies of scope.
 - f) Economies of scale.