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**TERM END EXAMINATION, Sept.-Oct., 2008**  
**M. B. A. (MM) (First Year)**  
**MANAGERIAL ECONOMICS**

*Time : Three Hours*  
*Maximum Marks : 70*

**Note : Attempt any five questions. All questions carry equal marks.**

1. **Define Managerial Economics and explain its nature and importance. How does it differ from traditional economics ?** 14
2. (a) **"Profit maximization is not always the aim of a business firm." Discuss.** 7  
(b) **Explain the incremental principle with the help of suitable example.** 7
3. **What is law of demand ? Why does it apply ? Are there some exceptions to it ?** 14
4. **What is Price Elasticity of Demand ? Explain its various types. Also explain the importance of the concept of elasticity.** 14
5. **Critically examine the Cobb-Douglas production function and indicate the difficulties which are experienced in its practical application.** 14

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6. What do you understand by the concept of returns to scale ? Discuss the various stages of returns to scale. 14
7. What do you mean by Price Discrimination ? Explain the conditions which make it possible and profitable. Price Discrimination anti-social ? 14
8. Differentiate between any two of the following : 7 each
- Actual and Opportunity cost
  - Monopoly and Monopolistic competition
  - Perfect and Imperfect competition
9. Explain the transmission mechanism of monetary policy. How does a change in money supply change the levels of income and prices ? 14
10. (a) What are the main problems with cost-benefit analysis ? 7
- (b) Write a short note on present value method as investment criteria. 7
- Or*
- (c) How do the indirect taxes affect the private business ? Explain with examples from India. 7