

**M.A. DEGREE EXAMINATION, APRIL 2019**  
**I Year II Semester**  
**Managerial Economics**

**Time : 3 Hours**

**Max.marks :75**

**Section A** ( $10 \times 2 = 20$ ) Marks

Answer any **TEN** questions

1. What is the different between managerial economies vs. business economics?
2. What is law of diminishing marginal utility?
3. What is Autonomous Demand?
4. What is unitary elastic demand?
5. Give the equation of a generalized production function.
6. What is fixed cost?
7. What are economies of scale?
8. What is a market?
9. How does a firm get monopoly power?
10. Define capital budgeting.
11. What is cost of capital?
12. What is pay commission?

**Section B** ( $5 \times 5 = 25$ ) Marks

Answer any **FIVE** questions

13. List and explain the fundamental concept in managerial economics.
14. How is the demand for new product estimated?
15. Explain production function with one variable factor of production.
16. What are the features of monopolistic competition?
17. Distinguish between monopoly and oligopoly.
18. Write a short note on indifference curve analysis.
19. Why capital budgeting is need for an organization?

**Section C** ( $3 \times 10 = 30$ ) Marks**PART - A - Case Study - Compulsory Question**

## 20. Maruti Udyog Limited

Maruti Udyog Limited is a classic example of monopoly in spare parts, servicing, repairs, etc. Along with its authorized dealers, the MUL is looting the Maruti vehicle users.

Often one has to change the clutch plate twice in six months and pay Rs.3,567. Maruti Udyog charges the price of clutch at imported cost while clutch at imported cost while clutch plate is actually made by Clutch Auto. Pvt. Ltd. Fakirabad.

The replacement of a silencer costs Rs.800. The costs of spare parts and repairs by any reckoning are three to four times compared to Ambassador or Fiat.

A random sample indicates that every eight car has faulty clutch. In the context of defective parts and exorbitant cost of repairs, saving in fuel in Maruti as compared to other makes is of little consequence.

Maruti vehicle users are in a dilemma. They cannot get spare parts or get their cars repaired except through Maruti Udyog or through its authorized dealers. But both charge fantastic amounts and do not give guarantee even for a day. Maruti Udyog is thus callous to the engine grievances of its customers.

Questions:

- \* In what ways does a customer suffer because of Maruti's monopoly?
- \* What is the way out?

**PART - B**

Answer any **TWO** questions

21. Discuss the scope of managerial economics.
22. List and explain the determinants of price elasticity of demand.
23. Write a brief note on break even analysis.
24. Determining the size of capital budget with suitable example.

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