LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.A.** DEGREE EXAMINATION – **ECONOMICS**

FIFTH SEMESTER – **NOVEMBER 2012**

# EC 5402 - MANAGERIAL ECONOMICS

Date : 10/11/2012 Dept. No. Max. : 100 Marks

Time : 9:00 - 12:00

PART – A

**ANSWER ANY FIVE QUESTIONS: (5 \* 4 = 20)**

1. Define managerial economics.
2. What is demand forecasting?
3. Write short notes on replacement and new demand.
4. What is cost of capital?
5. What is capital budgeting?
6. What is shut down cost?
7. Give the meaning of differential pricing.

PART – B

**ANSWER ANY FOUR QUESTIONS: (4 \*10 =40)**

1. Explain the relationship of managerial economics to economic theory and business decisions.
2. Briefly explain profit maximization with a suitable diagram.
3. What are the objectives of managerial economics?
4. Explain the determinants of demand forecasting.
5. What is full cost pricing? And explain its significance.
6. Explain the need f or capital budgeting.
7. What are the objectives of pricing?

PART – C

**ANSWER ANY TWO QUESTIONS: (2 \* 20 = 40)**

1. Explain the significance of managerial economics and its relationship to business decisions.
2. Elucidate the importance of a break – even point?
3. Explain Baumol’s sales maximization model.
4. Capital budgeting is also described as investment decision making – discuss.

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