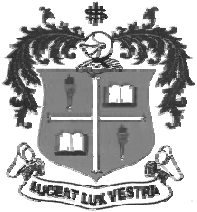


**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



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

**FIFTH SEMESTER – NOVEMBER 2013**

**EC 5402 - MANAGERIAL ECONOMICS**

Date : 15/11/2013  
Time : 9:00 - 12:00

Dept. No.

Max. : 100 Marks

**Part – A**

**Answer any FIVE questions in about 75 words each.**

**( 5 x 4 = 20 marks)**

1. State the economic principles applied to managerial economics.
2. Write a brief note on the responsibilities of managerial economics.
3. Write a note on cross elasticity of demand.
4. Write a short note on a) Administered prices B) Mark-up.
5. State the determinants of demand for a consumer durable goods.
6. State the uses of Break even analysis.
7. What is meant by cost of capital?

**Part – B**

**Answer any FOUR questions in about 300 words each.**

**(4 x 10 = 40 marks)**

8. Briefly explain the determinants for demand forecast of consumer and capital goods.
9. Explain the scope of managerial economics.
10. Explain the managerial use of Break even analysis.
11. a) A retailer plans to sell a baby elephant toy at a local fair. His purchase price of this toy is Rs 7 per piece with privilege of returning the unsold toys. The booth rent at the fair is Rs 2,500 payable in advance. The selling price of the toy is fixed at Rs 12 per piece. Find the number of toys which must be sold to break even and also break-even sales volume and prove  $TR = TC$   
b) A firm produces 6000 units of commodity Y at the total fixed cost of Rs.25,000 and Total variable cost of RS 45,000. Find the price which the firm would charge from its customers if it wants to make a net profit margin 15% on cost. The firm uses cost plus pricing method
12. Explain in detail the economies of scale.
13. Explain the Modern techniques of capital investment proposal.
14. Write a brief note on the following :-
  - a) Types of price elasticity of demand.
  - b) Purposes of forecasting demand.

**Part – C**

**Answer any TWO questions in about 900 words each.**

**(2 x 20 = 40 marks)**

15. What lies in the foundation of alternative theories of business firm? Do the alternative theories really offer an alternative explanation of firm's behavior?
16. a) Sam has to decide whether to go in for an MBA programme after M.A.Economics. If he takes up MBA, he will have to spend two years time and pay Rs.3,00,000 per year as tuition fee and living expenses. Thereafter, he will get a job of Rs. 12,00,000 per year for the rest of his working life. If he does not take up MBA , he would take up a teaching job immediately, which will pay him Rs.6,00,000 per year for the next three years, Rs.9,00,000 for the next three years and Rs.12,00,000 per year thereafter. If the interest rate is 10% what is the best course of action for Sam.
- B) Explain the various cost concepts with diagrammatic representation.
17. a) Explain the competition oriented pricing
- b) Golden airlines has the monthly seating capacity if 20,000 passengers as one of its route at a fare of Rs 170. Variable cost is Rs 20 per passenger and fixed cost is Rs 6, 00,000. Find
- (i) Break even quantity
- (ii) Break even sales
- (iii) Break even percentage of capacity
- (iv) Suppose the management of the shipping company set a profit target of Rs 40,000, what will be its break-even point?
18. Write a short note on
- a) Survey method
- b) The following series shows the Sales of Fertilizers in Tamilnadu during 2005-2010

<b>YEAR</b>	<b>SALES</b>
<b>2005</b>	<b>83</b>
<b>2006</b>	<b>92</b>
<b>2007</b>	<b>71</b>
<b>2008</b>	<b>90</b>
<b>2009</b>	<b>169</b>
<b>2010</b>	<b>200</b>

By the method of least squares, find the trend values for each of the 6 years. Also estimate the annual sales of 2011-2015.

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