

TB176300W

Reg. No :

Name :

B. A. DEGREE (C.B.C.S.) EXAMINATION, MARCH 2023
(2015, 2016 and 2017 Admissions Supplementary)
SEMESTER VI - CORE COURSE (ECONOMICS)
EC6B12B - APPLICATION OF ECONOMICS IN BUSINESS OPERATIONS

Time : 3 Hours

Maximum Marks : 80

Part A

I. Answer all questions. Each question carries 1 mark

(6x1=6)

1. Define Managerial Economics.
2. Define price elasticity of demand.
3. What you mean by principle agent problem?
4. What is economic cost?
5. What do you mean by returns to scale?
6. What is price leadership?

Part B

II. Answer any Seven questions. Each question carries 2 marks

(7x2=14)

7. What is the relationship between the fields of managerial economics and business administration studies?
8. Explain the nature of managerial economics.
9. What you mean by Demand Estimation?
10. Explain the concept market equilibrium.
11. Distinguish between business Profit and economic Profit.
12. Evaluate the basic profit-maximizing model.
13. Explain the relationship between long run AC and returns to scale
14. Define iso-cost line.
15. What you mean by capital budgeting?
16. Define monopoly and write its features.

Part C

III. Answer any Five questions. Each question carries 6 marks

(5x6=30)

17. What is the relationship between fields of managerial economics and
 - a) Micro and Macro economics.
 - b) Econometrics and mathematical economics.
 - c) Business administration studies.
18. Discuss profit and break even analysis in a linear case.
19. Explain the nature and functions of profit.
20. Differentiate returns to a factor and returns to scale theory.
21. Explain 3 stages of law of variable proportions.
22. Using isoquant and iso-cost line show optimum combination of inputs in production.
23. Write a note on Game theory model in business context.

24. Comment on objectives of pricing policy?

Part D

IV. Answer any Two questions. Each question carries 15 marks

(2x15=30)

25. What is demand estimation? What are the different marketing research approaches to demand estimation?

26. Why do firms exist? What are the constraints on the operation of the firm and why do firms not grow largely?

27. Discuss various cost concepts and methods of cost estimation. And suppose the manufacturing department of Hindustan chemicals has developed the following cost output data for a proposed new plant to produce Ammonium Sulphate fertilizer. The cost function is $TC=1016-3.36Q+0.021Q^2$

a) Estimate the AC and MC functions.

b) The current market prices of this fertilizer is Rs.5.50 per unit and is expected to remain at that level for the foreseeable future should the plant be built?

28. Evaluate the importance of investment analysis and various steps and methods of capital budgeting.