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1 PGDE COM 5

2012

(August)

COMMERCE

Paper : 105

(Managerial Economics)

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks for the questions.

1. (a) "Managerial Economics is the science of application of the economic principles to the management of a firm. These principles cannot be used in their original form in practice." Explain the statement with illustrations. 16

Or

- (b) Explain how managerial economics is related to Economics, Statistics, Mathematics and Accounting. 16

2. (a) Why demand analysis is essential for successful production planning and capital expansion ? Explain. 16

Or

- (b) Define elasticity of demand. How are the price, income and cross elasticities measured? Explain their role in business decisions. 16

3. (a) Discuss about the variables to be considered while estimating the demand for

(i) Cement,

(ii) Sugar and

(iii) Petrol. 16

Or

- (b) Distinguish between the following :

(i) Opinion survey and Reaction survey.

(ii) Trend projection method and Regression method. 8+8=16

4. (a) What do you mean by price discrimination ? Explain how airlines can charge different fares from passengers on the same flight.

6+10=16

Or

(b) Write short notes on : $8 \times 2 = 16$

(i) Cyclical pricing

(ii) Transfer pricing.

5. (a) Why is controlling trade cycles necessary ?
Suggest appropriate fiscal and monetary
policies for depression. $6 + 10 = 16$

Or

(b) Write short notes on : $8 \times 2 = 16$

(i) Demand pull inflation.

(ii) Consequences of recent petrol price hike
in India.