

**MASTER OF BUSINESS ADMINISTRATION  
(RETAIL SERVICES)  
(MBARS)**

**Term-End Examination**

**June, 2015**

**MRS-005 : MANAGERIAL ECONOMICS**

*Time : 3 hours*

*Maximum Marks : 100*

*Note : Answer any five questions. All questions carry equal marks.*

1. Managerial economics aims at increasing manager's ability to understand and evaluate business problems and helps him in effective decision-making. Discuss. 20
2. Define income elasticity of demand. How is income elasticity of demand for a commodity determined ? Explain the role of income elasticity of demand in business decisions. 20
3. What is the importance of demand forecasting for a businessman ? Give in brief the essentials of a good forecasting method for a business firm. 20
4. How does a monopolist determine the price of his commodity in conditions of price discrimination ? Answer with suitable diagrams. 20

5. Write short notes on the following : 4×5=20
- (a) Selling Costs
  - (b) Monopolistic Competition
  - (c) GDP and GNP
  - (d) RBI
6. (a) What is the purchasing power parity exchange rate ? 10
- (b) Discuss why a monetary policy does not work during a depression. 10
7. (a) How is capital different from other factor inputs ? 10
- (b) What is 'discount rate' ? Bring out the importance of the choice of a discount rate. 10
8. (a) What are the characteristics of a non-profit organisation ? 10
- (b) What is satisficing behaviour ? How is it different from maximizing behaviour ? 10
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