

**MANAGERIAL ECONOMICS**

(For students admitted in 2014 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

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**SECTION - A**

Answer the following: (05 X 10 = 50 Marks)

- 1 Describe behavioral theories of the firm.  
**OR**
- 2 What are optimization techniques? Illustrate attaining optimization, using calculus.
- 3 What are the different types of demand elasticity? Examine their business implications.  
**OR**
- 4 Narrate statistical demand forecasting techniques.
- 5 Describe Cobb-Douglas production function.  
**OR**
- 6 Explain various cost concepts and illustrate their managerial applications.
- 7 How is price determined in monopoly market structure?  
**OR**
- 8 Give a brief account of each of the pricing methods with suitable examples.
- 9 What anti-inflationary measures do you suggest for containing inflation in India?  
**OR**
- 10 What is boom and recession in business cycle? Give copper recommendations to deal with recessionary conditions.

**SECTION – B**

(Compulsory Question)

01 X 10 = 10 Marks

11 **Case study:**

Despite stiff increase in tariff by Doordarshan (DD) in march 1987 actual revenue declined. This study indicated that the number of small and medium advertisers which was on the increase before the tariff hike has now been on decline. Further there has also been a noticeable shift in favor of 20 and 10 seconds spots from 30 or more seconds spots before the hike in tariff. The study found that there has been a steep decline in the actual number of advertisements on Doordarshan. This is across all TV centers and program segments. But it was more significant in the case of channel II of Delhi and Bombay.

The second channel of Bombay DD TV had no advertisements since the increase in tariff as against revenue of Rs.15, 000/- to Rs.20, 000/- per month in the corresponding months of the previous year.

In case of Delhi DD TV's second channel, the number of advertisements declined from a rate of 40 to 65 per month in May to July 1986 to a rate of 12 to none between may to July 1987. Even the actual revenue has fallen. It was about Rs.55, 000/- to 71,000/- per month in May-June period of 1986. In the current year, however, it developed to Rs.28, 000/- in June and was nil by July 1987.

Questions:

- (a) What happened to revenue after tariff hike for advertisement in DD?
- (b) Why has revenue declined?
- (c) Is the prize-elasticity of demand for DD TV advertisements high/low/zero?
- (d) What tariff (or prize) policy should DD follow for TV advertisements?

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