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## **MANAGERIAL ECONOMICS**

### **(Old & New Course) : Dec. 2006-07**

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**Old Course**

*Maximum Marks : 70*

*Minimum Pass Marks : 25*

**New Course**

*Maximum Marks : 90*

*Minimum Pass Marks : 32*

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

1. Define Managerial Economics. How does managerial economics help a manager to achieve organisational goals ? <http://prsuonline.com>
2. What are the major areas of business decision making ? How does economic theory contribute to managerial decisions ?
3. Define National Income. Describe various methods of measurement of National Income.
4. How does Business Cycle affect decision making ? Describe the major stabilization techniques.
5. Explain economic and non economic objectives of business firms. Critically evaluate profit maximization objective of business firms.
6. Define Capital Budgeting What is its importance in long- term investment decisions ? What are the pre -requisites of Capital Budgeting ?
7. Define concept of Certainty, Uncertainty and Risk. How investment decisions are made under certainty, uncertainty and risk ? Explain.
8. Distinguish between the following :
  - (i) Average cost of capital and weighted cost of capital.
  - (ii) Cost of debt and cost of retained earning.
9. Write short notes on the following :
  - (i) Aims of profit policy
  - (ii) Economic profit