

## **MANAGERIAL ECONOMICS (New Course) : Dec. 2014-15**

**Time : 3 Hours]**

**[Maximum Marks : 90**

**[Minimum Pass Marks : 32**

**Note : Attempt all the five questions. One question from each unit is compulsory. All Questions carry equal marks.**

### **UNIT - 1**

1. Discuss the nature and scope of managerial economics.

**OR**

How is managerial economics related to Economics, Mathematics, Statistics and Accounting ? What is its importance ?

### **UNIT - 2**

2. Spell out the basic causes of business cycle. What are their effects ?

**OR**

Why are three measures of national income needed ? Write down the difficulties in calculation of national income.

### **UNIT - 3**

3. Discuss the importance of profit maximization as a goal of the firm. <http://prsuonline.com>

**OR**

Distinguish between accounting profit and economic profit. How does profit arise ?

### **UNIT - 4**

4. Briefly explain the major investments appraisal criteria.

**OR**

Explain the savage and the Laplace decision under uncertain conditions. How can these be useful in the choice of a strategy ?

### **UNIT - 5**

5. Compare and contrast the traditional approach and the Modigliani-Miller approach to the analysis of interrelationships in the cost of capital.

**OR**

On what factors does the cost of capital depend. How can we measure the cost of debt, preferred stock equities and retained earnings ?