UNIVERSITI UTARA MALAYSIA

PEPERIKSAAN AKHIR PROGRAM SISWAZAH
SEMESTER MEI, SESI 2002/2003

KOD KURSUS : EG 5013 MANAGERIAL ECONOMICS
TARIKH : 13 SEPTEMBER 2002
MASA : 9:30 a.m - 12:30 p.m
TEMPAT : KOTA BHARU/KELANTAN

ARAHAN:

1. Attempt any FOUR Questions.
2. Write answers in the space provided in the Q. Booklet.

[18 pages]

NO. MATRIK : 
NO. KAD PENGENALAN : 
NAMA PENSYARAH : PROF. MADYA DR. DAWOOD M. MITHANI

JANGAN BUKA SOALAN INI SEHINGGA DIBERI ARAHAN

SULIT
Time: 9.30a.m. – 12.30 p.m.   Maximum Marks: 100

N. B.: Attempt any FOUR questions.

Question 1: (25 Marks)

[A] What is the use of demand estimation in managerial decision-making?

[6 Marks]
[B] Sales trend of Jelita Enterprise is measured for the period 1991-2000 as under:

\[ St = 300 + 166.5t \]

(4.5)

\[ R^2 = 96.3 \]

(parenthesis represents t-statistics)

[i] Comment on the model: Is it a good fit? How?

[ii] Is time variable significant? How?

[iii] Forecast the sales for the year 2002 in this case.

[9 Marks]
[C] In a case study of Air travel in Asia it is observed that price-elasticities of demand are 1.86 and 0.53 for the economy and business class passengers respectively. Suggest the price policy for the concerned Airline.

[5 Marks]

[D] A firm increases its monthly advertising expenditure from RM 25000 to RM 30000, as a result its monthly sales have increased from 2000 units to 2700 units. Estimate arc advertising elasticity of demand in this case and give your managerial comment.

[5 Marks]
Question 2: (25 Marks)

[A] Trace the relationship between marginal and average cost curves.

[5 Marks]
[B] Complete the following table

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<th>Output</th>
<th>TFC</th>
<th>TVC</th>
<th>TC</th>
<th>MC</th>
<th>AC</th>
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</thead>
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<td>300</td>
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</tr>
</tbody>
</table>

[5 Marks]

[C] Work out scale economy index when marginal cost is 56 and average cost is 67.

[5 Marks]
[D] What are the forms of internal and external economies of scale?

[10 Marks]
Question 3 : (25 Marks)

[A] Explain the concept of opportunity cost and show its significance in managerial decision-making.

OR


[5 Marks]
[B] Discuss the sources of monopoly power

[8 Marks]
[C] A monopoly firm sells 1000 units of product X at price RM 90. Its marginal cost is RM 60. Measure its degree of monopoly power.

[5 Marks]

[D] With the help of diagram, explain the profit maximizing conditions of a competitive firm.

[7 marks]
Question 4: (25 Marks)

[A] What is price discrimination? What are its bases? When is it profitable?

(10 Marks)
[B] Explain with a graphical model, how would a discriminating monopolist determine his profit-maximising output, market supply and prices of the product, in two segmented markets.

[15Marks]
Question 5: (25 Marks)

[A] Discuss the bases of product differentiation. [10 Marks]
[B] Sketch of selling costs equilibrium of a firm for a given product at a given price. Interpret and give your comment on the adverse effect of monopolistic competition.

[15 Marks]
Question: 6 (25 Marks)

Write explanatory notes on any three of the following:

[A] Pricing Objectives [8 Marks]

[B] Kinked Oligopoly Demand Curve Model [8 Marks]

[C] Monopoly Equilibrium [8 Marks]

[D] Failures of the Market Economy [8 Marks]

[E] Role of Government in a Market Economy [8 Marks]