

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT

EXTERNAL DEGREE

PART III EXAMINATION IN BACHELOR OF COMMERCE
(Special repeat July-2015)

COM 404- Managerial Economics

Answer all questions

Time: 3 hours

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1.
 - i. Explain the Scope of managerial economic as tools of managerial decision making process (5 Marks)
 - ii. Explain the model of managerial decision-making process (5 Marks)
 - iii. Explain the managerial decision-making problems. (5 Marks)
 - iv. What is the economic and non- Economic goals of a business firm? (5 Marks)

 2.
 - i. What are the determinants of price elasticity of Demand? (5 Marks)
 - ii. How is price elasticity related to total revenue for a firm? (5Marks)
 - iii. What are the functions of business managers? How do economics help business managers in performing their functions? (10 Marks)

 3.
 - i. What is perfect competition? Explain how is the price determined under perfect competition? (10 Marks)
 - ii. Compare and contrast monopolistic competition with perfect competition with reference to adjustments and outcome in terms of equilibrium. (10 Marks)

4. i. What are the major macroeconomic issues related directly to business decision-making? What is their significance in business decisions? (10 Marks)

ii. Examine critically profit maximization as the objective of business firms. Explain the first and second order conditions of profit maximization. (10 Marks)

5. Explain the Following

1. Marginal cost
2. Factors of production
3. Business Environment
4. Business forecasting

(20 Marks)