Seat No. : _______________

N28-101

December-2014

B.B.A., Sem.-III

CC-204 : Managerial Economics – I

Time : 3 Hours] **[Max. Marks : 70**

1. (a) Define Managerial Economic. Discuss its relationship with General Economics, Mathematics and Statistics. **7**

OR

Examine the scope of Managerial Economics in detail.

(b) Give the meaning of Demand Forecasting. Explain indirect methods of Demand Forecasting in detail. **7**

OR

Distinguish between :

(i) Producer's demand and consumer's demand.

(ii) Demand for durable goods and non-durable goods.

2. (a) Explain the concept of consumer's surplus with ordinal approach. **7**

OR

Discuss Slutsky substitution effect, when the price of one good decreases.

(b) Discuss any two characteristics of Indifference curve in detail. **7**

OR

Derive the Demand Cure on the basis of Price Consumption Curve.

3. (a) Discuss factors affecting Income Elasticity of Demand. **7**

OR

Write a note on : Cross Elasticity of Demand.

(b) Explain Price elasticity of Demand with the help of percentage method. **7**

OR

A consumer buys 100 units of good y at ₹ 5 per unit. The price elasticity of demand for the good is 2. At what price will he be willing to buy 140 units of good Y ?

4. (a) Discuss the concept of Returns to Scale with the help of diagram. **7**

OR

Explain the law of variable proportion with graph.

(b) Why marginal cost curve cuts average cost curve from the lowest point of AC ? **7**

OR

Explain Long Run Average cost curve with the help of diagram.

5. Multiple Choice Questions : **14**

(1) Draw the chart showing meaning of Managerial economics.

(2) Managerial Economic is

(a) Normative (b) Positive

(c) Both (a) and (b) (d) None of them

(3) In what sense Managerial economics is metrical ? Explain in brief.

(4) Give any two points of importance of demand forecasting.

(5) Substitution effect is a combination of ________ and ________.

(6) Ice is negative in case of ________ goods.

(a) Normal goods (b) Interior goods

(c) Superior goods (d) All of them

(7) Consumer surplus is not the gap but

(a) what consumer is ready to pay and what he actually pays

(b) what he should pay and what he pays according to the market

(c) whole sale price and retail price

(d) all of the above

(8) No two indifference curve intersect each other, it is one of the cause is "non-saliety" (True/False)

(9) The price-elasticity of demand may be the same although the slopes of the two demand curve are different. (True/False)

(10) If the cross elasticity of demand between the two goods is zero then that implies they are neither ________ nor ________ products.

(11) In case of joint products, price are fixed on the basis of their price elasticity of demand, not on the basis of costs.

(12) Iso-quant slopes down from left to right showing that an increase in labour is always associated with decrease in capital. (True/False)

(13) Constant returns to scale would prevail only when

(a) Factors are perfectly divisible

(b) Factors are perfectly mobile

(c) Factors are fixed

(d) None of them

(14) Define Opportunity Cost