

NI-124

December-2015

B.B.A., Sem. III

CC-204 : Managerial Economics – 1

Time : 3 Hours]

[Max. Marks : 70

1. (a) Define Managerial Economics ? Discuss its scope. 7

OR

- (b) Explain following differences : 7

- (i) Producer's and consumer's demand
(ii) Demand for durable and non-durable goods.

- (b) What is demand forecasting ? Explain direct methods of demand forecasting. 7

OR

Explain nature of managerial economics.

2. (a) Explain following concepts : 7

- (i) Map of Indifference Curve
(ii) Budget line

OR

Write a detailed note on consumer's surplus with the help of Ordinal Approach.

- (b) Explain consumer's equilibrium with the help of Indifference Curve. 7

OR

Discuss characteristics of Indifference Curve.

3. (a) Explain different types of price elasticity of demand. 7

OR

Discuss total outlay method of calculating price elasticity of demand.

- (b) What is cross elasticity of demand ? Discuss its types. 7

OR

Original price of commodity X is ₹ 30 which increases to ₹ 45, Original Demand is 500 units which decreases to 250 units, find out price elasticity of demand and explain it with the help of a diagram.

4. (a) Explain the concepts of TP, AP & MP with the help of a table and a diagram. **7**

OR

Discuss different types of costs (with the help of diagrams) in the short run.

- (b) Explain the law of returns to scale in detail. **7**

OR

Discuss the relationship between AC & MC.

5. Answer in short : **14**

- (1) Define Normative economics.
- (2) Give any two examples of a firm's demand.
- (3) Explain Test Marketing.
- (4) Define Indifference Curve.
- (5) Define Income effect.
- (6) "Indifference curve can be concave." Whether the statement is true or false.
- (7) "Luxurious goods have inelastic demand." Whether the statement is true or false.
- (8) Give formula for income elasticity of demand.
- (9) Income elasticity for inferior goods is _____.
(a) $e > 1$ (b) $e < 1$ (c) $e < 0$ (d) $e = 0$
- (10) Give formula which relates AR, MR and price elasticity of demand.
- (11) Define price utility.
- (12) Define production function.
- (13) State stages of the law of variable proportions.
- (14) Explain the concept of opportunity cost in short.