

**P.G.D.I.F.A. Sem.-1 (Rep) Examination****Paper-3****Managerial Economics****June-2025****Time : 2.30 Hours]****[Max.Marks : 70**

**Q.1)** What is managerial economics? Discuss the nature and scope of managerial economics. (14)

**OR**

**Q.1)** Write note on the following: (14)

(a) Opportunity cost principle

(b) Incremental principle

**Q.2)** State and explain the law of demand. What are various exceptions to the law of demand? (14)

**OR**

**Q.2)** What is price elasticity of demand? Examine various factors affecting price elasticity of demand. (14)

**Q.3)** With the help of diagrams, explain the following cost concepts: (14)

TFC, TVC, TC, AFC, AVC, AC and MC

**OR**

**Q.3)** Write a detailed note on break even analysis (14)

**Q.4)** Write note on: (14)

(a) Monopoly

(b) Kinked demand curve

**OR**

**Q.4)** Explain mark-up pricing and psychological pricing methods (14)

**Q.5)** State whether the following statements are **TRUE OF FALSE:** (14)

- (i) Managerial Economics is an art but not a science.
- (ii) Speculative goods do not obey law of demand.
- (iii) Principle of time perspective advocates emphasizing more on the short-run.
- (iv) In case of inferior goods, income elasticity of demand is positive.
- (v) For two complementary goods, cross elasticity of demand is negative.
- (vi) Internal economies of scale are related to an industry.
- (vii) Learning by doing explains reductions in average cost as more is produced.
- (viii) AFC curve is angular in shape.
- (ix) Product differentiation is a feature of perfect competition.
- (x) Long run is a time period in which at least one factor of production remains fixed.
- (xi) Law of variable proportion explains short-run output behaviour.
- (xii) Value analysis is a tool of cost reduction.
- (xiii) Productivity and cost are directly related.
- (xiv) Contribution = Total Sales Revenue – Total Variable Cost

**X-X-X-X-X-X-X-X-X-X-X-X**