

Seat No. : \_\_\_\_\_

**ND-117**

**November-2013**

**S.Y.BBA., Sem.-III**

**ME-I : Managerial Economics – I**

**Time : 3 Hours]**

**[Max. Marks : 70**

**Instruction : All questions are compulsory.**

1. (a) Give the meaning of Managerial Economics. Discuss the scope of Managerial Economics. 7

**OR**

Distinguish between Derived demand and Autonomous demand.

- (b) Give the meaning of demand forecasting and discuss survey methods of demand forecasting. 7

**OR**

Explain the relationship between Managerial Economics and Mathematics and Economics.

2. (a) Explain consumer's equilibrium with the help of ordinal approach. 7

**OR**

Write a note on : Income Effect

- (b) Explain Slutsky substitution with the help of diagram. 7

**OR**

Discuss the concept of consumer's surplus with the help of ordinal approach.

3. (a) Explain the concept of Price Elasticity of Demand. Discuss the degrees of price elasticity. 7

**OR**

Explain factors affecting Income Elasticity of Demand.

- (b) Write a note on Cross Elasticity Demand. 7

**OR**

Demand for a commodity is 500 units when a consumer's income is ₹ 10,000. Demand increases to 750 units when income increases to ₹ 12,500. Find out income elasticity of demand. State also the type of commodity in question.

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

**OR**

Discuss the long run Average Cost Curve with the help of graph.

- (b) Express the relationship between Average Cost Curve and Marginal Cost Curve. 7

**OR**

Distinguish between :

- (i) Accounting Cost and Economic Cost
- (ii) Fixed Cost and Variable Cost

5. **One** mark questions : **14**

- (1) Is Managerial Economics Micro in character ? Why ?
- (2) An example of derived demand is demand for
  - (a) Pen and Ink
  - (b) Petrol and car
  - (c) Jute and cotton
  - (d) None
- (3) The number of buyers is comparatively small
  - (a) for consumer's goods
  - (b) for durable goods
  - (c) for producer's goods
  - (d) for non-durable goods
- (4) What does demand forecasting mean ?
- (5) Price line is
  - (a) negatively sloped
  - (b) parallel to X-axis
  - (c) positively sloped
  - (d) parallel to Y-axis
- (6) Indifference Curve analysis is based on the concept of
  - (a) Cardinal Utility
  - (b) Time Utility
  - (c) Ordinal Utility
  - (d) Place Utility
- (7) Income Elasticity of demand for an inferior commodity is \_\_\_\_\_.
  - (a) positive
  - (b) zero
  - (c) negative
  - (d) infinity
- (8) List the features of Iso-quant.

- (9) What is Marginal Cost ?
- (a) Cost of producing first unit
  - (b) Cost of producing last unit
  - (c) Cost of producing an additional unit
  - (d) All of the above
- (10) Which one is true statement ?
- (a)  $AUC = AFC - TUC$
  - (b)  $AFC = ATC - AVC$
  - (c)  $AUC = AFC + TUC$
  - (d)  $AFC = ATC + AVC$
- (11) According to law of variable proportion when TP is maximum, MP is \_\_\_\_\_.
- (12) Mention the type of cross elasticity of demand for LG and Samsung refrigerators.
- (13) Define Diminishing Marginal rate of substitution.
- (14) In which case, all costs are variable ?
- (a) Short-run
  - (b) Medium-term
  - (c) Long-term
  - (d) Neither
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