

2/43

2005M230

Candidate's Seat No :

P.G.D.I.F.A. (Sem.-~~II~~) Examination

Paper III : Managerial Economics

May-2017

Time : 3 Hours]

[Max. Marks : 70

1. (A) Define managerial economics and discuss about nature of it. 6
(B) Explain opportunity cost with reference to managerial economics. 6
OR
(A) Explain scope of managerial economics. 6
(B) Make note on incremental principle of decision making. 6
2. (A) Explain law of demand with its mathematical form. 6
(B) Discuss about cross elasticity of demand with diagrams. 6
OR
(A) Explain promotional elasticity of sales. 6
(B) Discuss managerial uses of price elasticity of demand. 6
3. (A) Define production and explain about law of variable proportions to scale. 6
(B) Explain characteristics of isoquants. 6
OR
(A) Define Average cost and Marginal cost and discuss about them along with schedule and diagrams. 6
(B) Define Break even analysis and discuss limitations and usefulness of it. 6
4. (A) What is Cartel ? Explain when and how it become possible? 6
(B) Discuss various characteristics of Monopoly. 6
OR
(A) Make note on Kinky demand curve. 6
(B) Distinguish Perfect competition and Monopolistic competition. 6
5. (A) Write on Prestige pricing of practice. 6
(B) Explain about cost plus pricing practice. 6
OR
(A) Make note on Delivered pricing practice. 6
(B) Discuss Psychological pricing practice. 6
6. Answer the Multi Choce Questions. 10
 1. Managerial Economics branch developed by _____
(A) Adam Smith
(B) Marshall
(C) Keynes
(D) Joel Dean
 2. For investment decision _____ concept of decision making is more useful.
(A) Opportunity Cost
(B) Incremental Cost revenue
(C) Marginalism
(D) Independent trends
 3. Which of following is not type of price elasticity _____.
(A) Perfectly elastic demand
(B) Perfectly inelastic demand
(C) Negative elastic demand
(D) Unit elastic demand

(P.T.O)

M 230-2

4. Substitute goods have _____ cross elasticity of demand.
 - (E) Positive cross elasticity of demand
 - (A) Negative cross elasticity of demand
 - (B) Zero cross elasticity of demand
 - (C) Perfect cross elasticity of demand

 5. Iso quants have _____.
 - (A) Same level of satisfaction.
 - (B) Same level of production.
 - (C) Same level of profit.
 - (D) Same level of income.

 6. Marginal cost is depending on _____.
 - (A) Average cost
 - (B) Fixed cost
 - (C) Variable cost
 - (D) Opportunity cost

 7. Selling cost is not characteristics of _____ market.
 - (A) Perfect Competition
 - (B) Monopolistic Competition
 - (C) Oligopoly
 - (D) Duopoly

 8. Price discrimination is possible in _____ market.
 - (A) Perfect Competition
 - (B) Monopoly
 - (C) Monopolistic Competition
 - (D) Bi lateral monopoly

 9. Cost plus pricing = Cost + _____.
 - (A) Fair profit
 - (B) Abnormal profit
 - (C) Normal profit
 - (D) Minimum profit

 10. _____ is not involved in factors of pricing policy.
 - (A) Rate of return
 - (B) Competition
 - (C) Government policy
 - (D) Consumer psychology
-