

Seat No. : _____

MD-102

March-2019

B.B.A. Sem.-III

CC-204 : Managerial Economics

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) (1) What is Managerial economics ? Explain the nature of managerial economics. 7
- (2) Explain the difference between : 7
- (a) Firm's demand and Industrial Demand
- (b) Derived demand and Autonomous demand

OR

- (1) Explain the methods of Demand forecasting.
- (2) Explain the difference between
- (a) Short Run and Long Run Demand
- (b) Producer's and Consumer Demand
- (B) Answer the following : (any **four**) 4
- (1) Managerial Economics is _____.
(a) Conceptual (b) Metical
(c) Both (d) Neither
- (2) In _____ there is no difference in the market between firm demand and industry demand.
(a) Perfect Competition (b) Monopoly
(c) Oligopoly (d) Monopolistic Competition
- (3) _____ is not a direct method of demand forecasting.
(a) Sample survey method (b) Expert opinion
(c) Controlled experiment (d) Trend projection
- (4) Which is not a statistical method in forecasting ?
(a) Trend analysis (b) Consumer survey
(c) Regression method (d) Least square method
- (5) Demand forecasting is for _____ products.
- (6) Demand of petrol for car is _____ demand.

2. (A) (1) Explain Indifference curve. Explain the characteristics of indifference curve. 7
- (2) Explain the concept of Consumer's Equilibrium. 7

OR

- (1) Explain price consumption curve, derive demand curve from price consumption curve
- (2) Write a note on Consumer's surplus.
- (B) Answer the following : (any **four**) 4
- (1) A consumer is in equilibrium when marginal utilities are _____.
 (a) Minimum (b) Highest
 (c) Equal (d) Increasing
- (2) Law of substitution is another name for law of _____.
 (a) Diminishing Marginal Utility
 (b) Equi-Marginal Utility
 (c) Law of Demand
 (d) Law of supply
- (3) Indifference curves are convex to the origin because :
 (a) two goods are perfect substitutes.
 (b) two goods are imperfect substitutes.
 (c) two goods are perfect complementary goods.
 (d) None of the above
- (4) The slope of price line is _____.
 (a) Negatively sloped (b) Parallel to X-axis
 (c) Parallel to Y-axis (d) Positively sloped
- (5) "Indifference curve can be concave to the origin." This statement is true or false.
- (6) Usually income of the consumers and demand has a _____ relationship.
 (positive/negative/constant)

3. (A) (1) Explain price elasticity of demand, explain the factors affecting price elasticity of demand. 7
- (2) Explain the types of income elasticity of demand with diagram. 7

OR

- (1) Explain methods of measuring price elasticity of demand.
- (2) Explain the concept of cross-elasticity of demand. Explain cross-elasticity of demand for complementary and supplementary goods.
- (B) Answer the following : (any **three**) 3
- (1) The demand for any normal commodity is _____ in the long run.
- (a) Perfectly inelastic (b) More elastic
- (c) Less elastic (d) Perfectly elastic
- (2) The price elasticity of a straight-line demand curve varies from zero to infinity. (True/False)
- (3) For complementary goods, the cross-elasticity will always be positive. (True/False)
- (4) When the income elasticity is negative, the good is an inferior good. (True/False)
- (5) “Luxurious goods have inelastic demand.” (True/False)

4. (A) (1) Explain “Law of variable proportion”. 7
- (2) Explain difference between : 7
- (a) Money cost and Real cost
- (b) Accounting cost and Economic cost

OR

- (1) Explain the concept of “Returns to scale”.
- (2) Explain Long Run average cost curve.
- (B) Answer the following : (any **three**) 3
- (1) An Iso-product curve slopes :
- (a) Downward to the left (b) Downward to the right
- (c) Upward to the left (d) Upward to the right

- (2) Which of the following cost curves is never U-shaped ?
- (a) Average cost curve (b) Marginal cost curve
(c) Average variable cost curve (d) Average fixed cost curve
- (3) Total costs in the short-term are classified into fixed costs and variable costs. Which one of the following is a variable cost ?
- (a) Cost of raw materials
(b) Cost of equipment
(c) Interest payment on past borrowing
(d) Payment of rent on buildings
- (4) In _____ stage of production, any additional input employed would lead to a fall in output. (first/ second/third)
- (5) Fixed costs can be altered in short run. (True/False)
- _____