

**DD-102**

December-2018

**B.B.A., Sem.-III****CC-204 : Economics  
(Managerial Economics – I)**

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) (i) Define Managerial Economics. Explain its characteristics. 7  
 (ii) Differentiate : 7  
 (1) Demand for durable goods and non-durable goods.  
 (2) Firm's demand and Industry's demand.

**OR**

- (i) Explain the nature of Managerial Economics. 7  
 (ii) Explain the indirect method of Demand Forecasting. 7  
 (B) Answer the following questions : (Any four) 4  
 (1) Managerial Economics is a \_\_\_\_\_ science.  
 (positive, normative, both)  
 (2) The contents of Managerial Economics are based on \_\_\_\_\_.  
 (Theory of firm, Theory of Industry, Theory of single market)  
 (3) When demand for a product is independent, it is called \_\_\_\_\_.  
 (Derived demand, Autonomous demand, Indirect demand)  
 (4) Expert's opinion method is the direct method of demand. (True / False)  
 (5) The predication about future demand is known as demand forecasting. (True / False)  
 (6) Non-durable goods means perishable goods. (True / False)

2. (A) (i) Explain the price effect and substitute effect with diagrams. 7  
 (ii) Write a note on consumer surplus with ordinal approach. 7

**OR**

- (i) Explain the characteristics of indifference curve. 7  
 (ii) Explain consumer equilibrium with the help of price line and indifference curve. 7  
 (B) Answer the following questions : (Any four) 4  
 (1) Indifference curve analysis is based on \_\_\_\_\_ approach.  
 (ordinal, cardinal, None)  
 (2) Who developed indifference curve analysis ?  
 (Marshall, Hicks, Pigou)

- (3) Income effect is positive for \_\_\_\_\_ goods.  
(normal, inferior, necessities)
- (4) Two indifference curves can intersect each other. (True / False)
- (5) Pure substitution effect is measured by Keynes. (True / False)
- (6) Price line is sloped negative. (True / False)

3. (A) (i) Explain the various types of cross elasticity. 7  
(ii) Explain the factors affecting on price elasticity. 7

**OR**

- (i) Explain the types of price elasticity. 7  
(ii) Do as directed : 7

A person was earning ₹ 50,000 and his demand for DC commodity was 200 units. Now, if his income has increased by ₹ 25,000, the demand for X commodity has reduced by 50 units. Find out,

- (1) Income elasticity of demand.  
(2) Which type of product is produced.

- (B) Answer the following questions : (Any three) 3

- (1) What would be  $E_C$ , when x and y are substitute goods ?  
(Positive, Negative, Zero)
- (2) If  $E_p = 0$ , Demand Curve would be  
(parallel to x-axis, parallel to y-axis, upward sloping)
- (3) Income elasticity of demand for luxurious goods is high. (True / False)
- (4) Cross elasticity of demand for un-related goods is zero. (True / False)
- (5) If  $E_p = \infty$  demand curve would be parallel to y-axis. (True / False)

4. (A) (i) Explain the concepts of fixed cost, variable cost and total cost with diagrams. 7  
(ii) Write a note on Returns to Scale. 7

**OR**

- (i) Explain the law of variable proportion. 7  
(ii) Write a note on opportunity cost. 7

- (B) Answer the following questions : (Any three) 3

- (1) Returns to scale emerge in the \_\_\_\_\_.  
(short-run, long-run, both)
- (2) In which case, all cost are variable ?  
(short run, long run, medium term)
- (3) Fixed cost is known as "prime cost". (True / False)
- (4) Iso-quant curve is known as equal expenditure curve. (True / False)
- (5) As compared to Average Cost, Marginal Cost changes less rapidly.  
(True / False)