

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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