2N (ME)

[19-HRPGKOW–M1S(N) 20M]

MCOM/PGDBM–MBA 1st Semester (New) Exam., 2019 (W)

MANAGERIAL ECONOMICS

[PGBA/PGCM S1–02]

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. *(a)* Answer the following questions in *one/two* sentence(s) : 1×8=8

(i) Define 'demand forecasting'.

(ii) What is a budget line?

(iii) Define 'transfer cost'.

(iv) Name the book in which 'The Dynamic Balanced Growth Maximising Model of the Firm' is provided by Robin Marris.

(v) Give the definition of 'cartel'.

(vi) Define 'national income'.

(vii) What is consumption function?

(viii) Define 'induced investment'.

(b) Choose the correct answer of the following : 1×4=4

(i) The unitary elastic demand curve is

1. horizontal straight line parallel to X-axis
2. vertical straight line parallel to Y-axis
3. rectangular hyperbola
4. downward sloping but highly steep

(ii) Under perfect competition

1. $P > MR$
2. $P < MR$
3. $P = MR$
4. None of the above

(iii) In the given consumption function $C = C_a + bY_a$, where b is

1. marginal propensity to save
2. average propensity to consume
3. marginal propensity to consume
4. average propensity to save

(iv) During inflation the value of money

1. rises
2. falls
3. remains constant
4. None of the above

(c) Fill in the blanks of the following : 1×4=4

(i) Decision making is a continuous activity which arises due to _____.

(ii) Price effect is the summation of the substitution effect and the _____.

(iii) _____ is a tool used to measure the level of price change over time so that current prices can be accurately compared to historical prices.

(iv) _____ _____ of money refers to the quantity of goods which can be bought by an amount of money.

(Continued)

2. Answer any *five* from the following questions (each in around *50* words) : 2×5=10

(a) Suppose the quantity demanded of a commodity decreases from 200 units to 100 units due to an increase in price of the commodity from ₹ 10 to ₹ 20 per unit. Calculate price elasticity of demand.

(b) What is meant by 'stable equilibrium'?

(c) Define indifference curve. Why is an indifference curve convex to the point of origin? 1+1=2

(d) Distinguish between explicit cost and implicit cost.

(e) What is meant by 'excess capacity'?

(f) If the consumption at zero level of income is ₹ 40 crore and MPC is 0·6, calculate total consumption expenditure when the national income is ₹ 500 crore.

3. Answer any *four* from the following questions (each in around *150* words) : 3×4=12

(a) Distinguish between change in demand and change in quantity demanded.

(b) What is meant by supply? What is the difference between flows and stocks? 1+2=3

(c) Why is the indifference curve technique considered to be superior to the cardinal utility approach?

(d) Explain the managerial uses of cost function.

(e) What are the three conditions for the operation of price discrimination?

4. Answer any *three* from the following questions (each in around *250* words) : 6×3=18

(a) Define 'managerial economics'. Explain the importance of the study of managerial economics. 1+5=6

(b) Explain the various subjective methods of demand forecasting.

(c) Explain the five goals of a modern firm according to Cyert and March.

(d) Explain the monetary, fiscal and international measures for prevention of economic crisis of a business cycle.

5. Answer any *three* from the following questions (each in around *300* words) : 8×3=24

(a) Explain the various internal and external economies of scale. 5+3=8

(b) Explain the relationship between TR, AR, MR and price elasticity of demand.

(c) Explain the price and output determination of an industry and a firm in the long-run under perfect competition. 4+4=8

(d) Write short notes on the following : 4×2=8

(i) Expenditure method of measurement of national income

(ii) Demand-pull and cost-push inflation

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