Roll No.

MS-103/CP-1005/MBAH-105

Managerial Economics/Economics for Managers

(प्रबन्धकीय अर्थशास्त्र / प्रबन्धकों के लिए अर्थशास्त्र)

Master of Business Administration/Diploma in Management

(MBA-10/12/13/16/17/DIM-10/16/17)

First Semester, Examination, 2018

Time : 3 Hours

Max. Marks : 80

Note: This paper is of eighty (80) marks containing three (03) Sections A, B and C. Learners are required to attempt the questions contained in these Sections according to the detailed instructions given therein.

Section-A

(Long Answer Type Questions)

- **Note :** Section 'A' contains four (04) long answer type questions of nineteen (19) marks each. Learners are required to answer *two* (02) questions only.
- 1. What are the different types of 'economies of large scale production' ? How do they become diseconomies ?
- 2. Explain a firm's equilibrium in perfect competition, with the help of marginal revenue and marginal cost curves. How will the total profit or loss be calculated ?

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- 3. Explain a firm's equilibrium under oligopoly through 'kinked demand curve'. Why is the demand curve kinked ?
- 4. What is Gross National Product of a country ? Distinguish between GNP at current prices and constant prices. Explain the relationship between GNP, NNP and NY.

Section-B

(Short Answer Type Questions)

- **Note :** Section 'B' contains eight (08) short answer type questions of eight (08) marks each. Learners are required to answer *four* (04) questions only.
- 1. Distinguish between cardinal and ordinal concepts of utility.
- 2. Suppose the demand function is :

 $QD_x = 50 - 2P_x + .05Y + 1.5P_y - 2P_3$

where :

 QD_x is Quantity demanded of product x

Y is income of consumer

 P_x , P_y and P_z are prices of x, y and z respectively.

Calculate quantity demanded if $P_x = 5$; Y = 500; $P_y = 8$ and $P_z = 4$. What is the relationship between *x* and *y*; and *x* and *z* ?

- 3. What is meant by economies of scope ? How is it different from economies of scale ?
- 4. Draw average fixed cost, average variable cost and average total cost curves and explain the relationship between them.

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5. Distinguish between real and imaginary product differentiation in a monopolistic competition market.

Output	Total Cost	Average Cost	Marginal Cost
1	10		
2	—		8
3	24		
4	—	8	
5	—		10
6	54		
7		10	
8			18

6. Calculate the following cost table :

- 7. What are the different objectives of holding cash, according to Keynesian theory ?
- 8. Explain circular flow of income in a 3 Sector model with households, firms and government.

Section-C

(Objective Type Questions)

Note : Section 'C' contains ten (10) objective type questions of one (01) mark each. All the questions of this Section are compulsory.

Indicate whether the following statements are True or False :

- 1. Discounting principle and time value of money principle is the same thing. (True/False)
- 2. Marginal utility principle is based on ordinal concept of utility. (True/False)

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3. The elasticity of demand of a downward sloping straight line demand curve is the same on all its points.

(True/False)

- 4. If the demand is inelastic, an increase in price will reduce the consumer outlays. (True/False)
- 5. If the average cost curve is falling, marginal cost curve is also definitely falling. (True/False)
- 6. If a supply curve has a positive intercept on 'y' axis, its elasticity is always greater than one. (True/False)
- 7. If a monopolist keeps on increasing the price of its product, its total revenue will keep on increasing.

(True/False)

Fill in the blanks :

- 8. A vegetable market at a place is closest in characteristics to
- 9. The lost run average cost curve is also known as the curve.
- 10. Under the Break-even analysis, contribution is equal to price minus

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