## MS-103/CP-1005/MBAH-105

## Managerial Economics/Economics for <br> Managers <br> (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?
(B-92) P. T. O.
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 :

$$
\mathrm{QD}_{x}=50-2 \mathrm{P}_{x}+.05 \mathrm{Y}+1.5 \mathrm{P}_{y}-2 \mathrm{P}_{3}
$$

where :
$\mathrm{QD}_{x}$ is Quantity demanded of product $x$
Y is income of consumer
$\mathrm{P}_{x}, \mathrm{P}_{y}$ and $\mathrm{P}_{z}$ are prices of $x, y$ and $z$ respectively.
Calculate quantity demanded if $\mathrm{P}_{x}=5 ; \mathrm{Y}=500 ; \mathrm{P}_{y}=8$ and $\mathrm{P}_{z}=4$. 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.
5. Distinguish between real and imaginary product differentiation in a monopolistic competition market.
6. Calculate the following cost table :

| Output | Total <br> Cost | Average <br> Cost | Marginal <br> Cost |
| :---: | :---: | :---: | :---: |
| 1 | 10 | - | - |
| 2 | - | - | 8 |
| 3 | 24 | - | - |
| 4 | - | 8 | - |
| 5 | - | - | 10 |
| 6 | 54 | - | - |
| 7 | - | 10 | - |
| 8 | - | - | 18 |

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)
(B-92) P. T. O.
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 $\qquad$
