

DC-101

December-2023

BBA., Sem.-III

**CC-204 : Economics
(Managerial Economics – 1)****Time : 2½ Hours]****[Max. Marks : 70**

1. (A) Define Managerial Economics. Explain the nature of managerial economics. 7
 (B) Explain the differentiate : 7
 (1) Firm's Demand and Industry's Demand.
 (2) Consumer's Goods Demand and Producer's Goods Demand.

OR

1. (A) Discuss the scope of Managerial Economics. 7
 (B) Define Demand Forecasting. Discuss the direct methods of demand forecasting. 7
2. (A) Explain the consumer's Equilibrium with the help of Price line and Indifference curve. 7
 (B) Describe the Price effect and Substitution effect in detail. 7

OR

2. (A) Explain the concept of consumer's surplus with ordinal approach. 7
 (B) Explain the features of indifference curve with the help of diagram. 7
3. (A) Define Cross Elasticity of Demand. Explain the types of cross elasticity of demand. 7
 (B) Explain the factors affecting price elasticity of demand. 7

OR

3. (A) Explain the types of price elasticity of demand. 7
 (B) Do as directed 7

Commodity	Original		New	
	Price (₹)	Demand	Price (₹)	Demand
Tea	6	100	6	120
Coffee	8	60	10	40

Calculate the cross elasticity of demand between tea and coffee on the basis of the above data.

4. (A) Explain the three stages of the returns to scale in detail. 7
 (B) Discuss the concept of an Opportunity Cost in detail. 7

OR

4. (A) Explain the law of variable proportion with diagram. 7
 (B) Describe the relationship between Average Cost and Marginal Cost. 7

5. Do as directed : (Attempt Any 7)

- (1) Which type of goods are used all at once ?
 - (A) Durable goods
 - (B) Non-durable goods
 - (C) Producers goods
 - (D) Capital goods
- (2) The contents of managerial economics are based on _____.
 - (A) theory of firm
 - (B) theory of industry
 - (C) theory of an economy
 - (D) theory of single market
- (3) For Luxury goods, income elasticity of demand is _____.
 - (A) Positive
 - (B) Negative
 - (C) More than unity
 - (D) Less than unity
- (4) Internal Economies refer to _____.
 - (A) Growth of industry
 - (B) Growth of population
 - (C) Growth of internal trade
 - (D) Large scale production
- (5) Indifference curve analysis is based on the concept of ordinal utility. (True/False)
- (6) Which of the following is the feature of iso-quant ?
 - (A) Downward sloping
 - (B) Convex to the origin
 - (C) Higher iso-quant indicates larger output
 - (D) All of the above
- (7) The distinction between variable cost and fixed cost is relevant only in _____.
 - (A) Short period
 - (B) Long period
 - (C) Medium term
 - (D) Mixed period
- (8) The effect of change in consumer's real income on demand is known as income effect. (True/False)
- (9) Fixed cost is known as prime cost. (True/False)
- (10) Which effect is measured by slusky ?
 - (A) Price effect
 - (B) Substitution effect
 - (C) Income effect
 - (D) Zero price effect
- (11) Salary of permanent staff belong to _____.
 - (A) Variable Cost
 - (B) Fixed Cost
 - (C) Average Cost
 - (D) Marginal Cost
- (12) Which one is the method for measurement of price elasticity of demand ?
 - (A) Percentage Method
 - (B) Total Outlay Method
 - (C) Point Method
 - (D) All of the above