

FIRST SEMESTER B.B.A./B.Com. DEGREE EXAMINATION, NOVEMBER 2010

Commerce—Complementary Course

BCIC.01—MANAGERIAL ECONOMICS

(Common for BBA)

Time : Three Hours

Maximum : 30 Weightage

I. Answer all *twelve* questions :

A. Fill in the blanks :

- 1 Human wants are unlimited, but the means to satisfy them are _____.
- 2 _____ making is essentially a process of selecting the best among many alternative opportunities.
- 3 Other things remaining same, quantity of a product demanded increases with _____ in price.
- 4 Under _____ plus method of pricing, price of products are set to cover all costs and a predetermined percentage of profit.

B. Write the correct answer from the choice given in brackets :

- 5 Managerial economics is _____. (positive, normative)
- 6 Price skimming means charging _____. (high price, low price)
- 7 Additional revenue to total revenue by selling one more unit of output is called as _____. (total revenue, marginal revenue)
- 8 Kinked demand curve is a characteristic feature of _____. (oligopoly, monopoly)

C. Answer in one word :

- 9 If a market has very large number of buyers and sellers dealing in the same commodity, what is it called ?
- 10 A system of fixing the price by the biggest firm (leader) and other firms in the industry following the same is found in oligopoly market. What is this system called ?
- 11 Give an example of explicit or paid out cost.
- 12 If "Price Elasticity" measures the relationship between price and quantity demanded of a commodity, what measures the relation between price of a commodity and demand for another related commodity ?

(12 × ¼ = 3 weightage)

II. Short answer type questions. Answer *all nine* questions :

- 13 What do you mean by external economies ?
- 14 What is meant by decision-making ?
- 15 Define Marginal rate of substitution.

Turn over

- 16 What do you mean by income elasticity of demand ?
- 17 What is meant by incremental revenue ?
- 18 What do you mean by production function ?
- 19 Define monopoly.
- 20 What is meant by normal profit ?
- 21 Define penetrating price.

(9 × 1 = 9 weightag

III. Short essay/paragraph questions. Answer any *five* questions :

- 22 How does Managerial Economics differ from General Economics ?
- 23 What is Law of Variable Proportions ? What are its assumptions ?
- 24 Briefly explain the internal economies of large scale production.
- 25 Distinguish between Economic and Accounting cost.
- 26 What are the features of monopolistic competition ?
- 27 What is marginal cost pricing ? What are its advantages ?
- 28 Explain how is a business unit affected by the different phases of a business cycle.

(5 × 2 = 10 weightag

IV. Essay questions. Answer any *two* questions :

- 29 Explain the meaning and scope of Managerial Economics.
- 30 Define Law of Demand. What are its assumptions ? Illustrate with example, the operation of the Law.
- 31 What are the conditions of Perfect Competition ? Illustrate how is price determined under perfect competition.

(2 × 4 = 8 weightag