

**FIRST SEMESTER B.B.A DEGREE EXAMINATION
NOVEMBER 2009**

(Complementary Course for B.Com/B.B.A.)

BC I.C 01 – MANAGERIAL ECONOMICS

(C.S.S.)

Time : Three Hours

Maximum Weightage : 30

Answer all twelve questions.

A. Fill in the blanks :

1. Managerial economics is concerned with application of economic concepts and analysis for _____ decisions.
2. The responsiveness of demand for a commodity to changes in the price of its substitutes and complementary goods is measured by _____ elasticity.
3. Fixed cost changes with changes in _____.
4. A production function expresses the relationship between a combination of _____ and output.

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

5. Managerial economics is _____ (Positive, Normative)
6. Isoquants are _____ (equal cost curves, equal quantity curves)
7. The cost of the next best alternative sacrificed is called _____ (Opportunity cost, Marginal cost).
8. During the 'Boom' phase of business cycle, prices of commodities may _____. (Go up, Go down)

C. Answer in one word :

9. If a market has only one seller dealing in a commodity, what is it called?
10. Certain costs change directly in proportion with quantity of outputs produced. What is it called?
11. Some firms follow the strategy of fixing very low price to stimulate the growth of new products in the market. What is this pricing strategy called?
12. Name any one of the survey methods adopted to estimate short term demand for a product.

(12 × ¼ = 3 weightage)

Turn over

II. Short Answer type questions. (Answer all *nine* questions) :

13. Define Managerial Economics.
14. What do you mean by Marginal cost?
15. What are Prestige Goods?
16. What do you mean by advertising elasticity of demand?
17. Define Oligopoly.
18. What is price leadership?
19. Define full cost pricing.
20. What do you mean by 'Recession'?
21. What do you mean by price discrimination?

(9 × 1 = 9 weightage)

III. Short Essay / Paragraph questions. (Answer any *five* questions) :

22. How is managerial Economics helpful in decision-making?
23. Explain price elasticity of demand.
24. Briefly explain the external economies of large scale production.
25. Distinguish between long run and short run cost.
26. What are the conditions of perfect competitive market?
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 weightage)

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

29. Explain the meaning and scope of managerial economics in business decisions.
30. (a) Define Law of demand and illustrate with suitable example.
(b) Explain cross Elasticity of demand.
31. What is a monopolistic competitive market? Illustrate how is price determined under monopolistic competition.

(2 × 4 = 8 weightage)