



Reg. No. : ...195-12825005..

Name :

**Second Semester B.B.A. Degree Examination, July 2013
(Career Related FDP Under CBCSS)**

Group – 2(b)

**Core Course BM 1242 : MANAGERIAL ECONOMICS
(Common for 2010 Admission and 2011 Admission)**

Time : 3 Hours

Max. Weights : 30

SECTION – A

This Section consists of **four** bunches of **four** questions **each**. **Each** bunch carries a weightage of 1. Answer all questions.

I. Choose the most appropriate answer from the following :

- 1) Addition to total cost resulting from the production of one more unit of out put.
 - a) Average cost
 - b) Total cost
 - c) Marginal cost
 - d) Fixed cost
- 2) No useful purpose is served by advertisement in
 - a) Monopoly
 - b) Monopolistic competition
 - c) Oligopoly
 - d) Perfect competition
- 3) An example of implicit cost
 - a) Salary
 - b) Depreciation
 - c) Wages
 - d) Interest
- 4) Fixing a very low initial price is called
 - a) Skimming price
 - b) Penetration price
 - c) Marginal cost price
 - d) Going rate price



SECTION – B

Answer **any eight** questions in **one** or **two** sentences **each**. **Each** question carries a weight of 1.

17. Define Managerial Economics.
18. What is a demand schedule ?
19. What do you mean by cross demand ?
20. Define advertisement elasticity of demand.
21. State three determinants of demand for nondurable goods.
22. What are capital goods ?
23. Distinguish between Marginal Cost and Average Cost.
24. What is meant by break-even point ?
25. Distinguish between Mark-up pricing and Marginal Cost Pricing.
26. What is accounting profit ?
27. Define Oligopoly market.
28. What is an iso-cost curve ?

(8×1=8 Wgt.)

SECTION – C

Answer **any five** questions **not exceeding one page each**. **Each** question carries a weightage of 2.

29. Discuss briefly the chief characteristics of Managerial Economics.
30. What is price elasticity ? Discuss the factors determining price elasticity of demand.
31. Discuss briefly the different approaches to demand forecasting for a new product.



32. Discuss briefly the following cost concepts.
- Actual cost
 - Opportunity cost
 - Sunk cost
 - Variable costs.
33. Explain the risk theory of profit. How is it different from innovation theory ?
34. What is Marginal Cost Pricing ? List the advantages and disadvantages of marginal cost pricing.
35. Discuss the managerial uses of break-even analysis.
36. Discuss briefly the Keynes's Theory of Trade cycle. (5x2=10 Wgt.)

SECTION – D

Answer **any two** questions in **not** exceeding **four** pages. **Each** question carries a weightage of **4**.

37. Discuss the significance of economic analysis in business decisions.
38. Distinguish between cost control and cost reduction. Discuss the important tools of cost control.
39. What is monopolistic competition ? How does a firm take its pricing and output decisions under it ? (2x4=8 Wgt.)
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