



Reg. No. :

Name :

Second Semester B.B.A. Degree Examination, July 2014
(Career Related FDP under CBCSS)
Group 2(b)
Core Course BM 1242 – Managerial Economics
(Common for 2010 and 2011 Admissions)

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) When the demand is elastic, a price reduction
 - a) will increase total revenue
 - b) will decrease total revenue
 - c) will not affect total revenue
 - d) none of the above
- 2) In an oligopoly market, there are
 - a) A large number of buyers and sellers
 - b) A few sellers and few buyers
 - c) Few sellers and a large number of buyers
 - d) Large number of buyers and sellers
- 3) Shut down point is one where a firm
 - a) Cannot reach a no-profit-no-loss position
 - b) Cannot cover the total cost
 - c) Can earn only nominal profit
 - d) Cannot earn super normal profit



- 4) The law of demand states that
- a) When income rises demand rises
 - b) When price rises demand rises
 - c) When price rises demand falls
 - d) When income and price rises demand rises

II. Fill in the blanks by choosing the most appropriate answer from the following.

- 5) Equilibrium of a firm occurs when
- a) $P = MC$
 - b) $P = MR$
 - c) $MC = MR$
 - d) $AC = MC$
- 6) Managerial Economics is _____ economic in character.
- a) Macro
 - b) Micro
 - c) Micro and Macro
 - d) None of these
- 7) In a _____ competitive market, the firm will be a price taker.
- a) Monopoly
 - b) Monopolistic
 - c) Perfectly
 - d) Imperfectly
- 8) Export of goods at below cost or at a price lower than that charged domestically is called
- a) Barter
 - b) Dumping
 - c) Over seas sales
 - d) Re export

III. Choose the most appropriate answer from the following.

- 9) During depression demand will
- a) Increase
 - b) Decrease
 - c) Not change
 - d) Increase or decrease
- 10) Risk theory of profit was contributed by
- a) Peter Drucker
 - b) Frank-H-Knight
 - c) Alfred Marshall
 - d) David Ricardo
- 11) Economic profit =
- a) Accounting profit-Imputed costs
 - b) Total revenue realised-cost and expenses actually paid
 - c) Total Revenue
 - d) Total revenue-variable cost



- 12) Marginal costs are most closely related to
- a) Fixed costs
 - b) Variable costs
 - c) Total costs
 - d) Sunk costs

IV. Match the following :

- | A | B |
|-----------------|---------------|
| 13) One seller | a) Monopsony |
| 14) Two buyers | b) Oligopoly |
| 15) Few sellers | c) Duopsony |
| 16) One buyer | d) Monopoly |
| | e) Oligopsony |
- (4×1=4 Wgt.)**

SECTION – B

V. Write short answers to **any eight** questions in **one** or **two** sentences **each**.
Each question carries a weightage of **1**.

- 17) Define Managerial Economics.
 - 18) What is accounting profit ?
 - 19) What do you understand by derived demand ?
 - 20) What is income elasticity ?
 - 21) What is meant by Price leadership ?
 - 22) Define external environment.
 - 23) Define Demand forecasting.
 - 24) What are ISO-quants.
 - 25) Define Monopolistic competition.
 - 26) What is full cost pricing ?
 - 27) Define Demand.
 - 28) What do you mean by cost reduction ?
- (8×1=8 Wgt.)**



SECTION – C

VI. Answer **any five** questions in **not** more than **one** page **each**. **Each** question carries a weightage of **2**.

- 29) Explain the determinants of cost.
- 30) Explain briefly the features of perfect competition.
- 31) Briefly explain the functions of profit.
- 32) Define price elasticity of demand and distinguish its various types.
- 33) What is a business cycle ? Describe its various phases.
- 34) Discuss the managerial use of break-even analysis as a tool of profit planning.
- 35) Explain briefly the different methods of forecasting demand for an established product.
- 36) Explain briefly the cost-output relations in the short run. **(5×2=10 Wgt.)**

SECTION – D

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

- 37) Explain the scope of Managerial Economics.
 - 38) State and explain the Law of Demand. What are its assumptions and exceptions ?
 - 39) Discuss the price output decisions of a firm under monopoly. **(2×4=8 Wgt.)**
-