

Enrollment No.....



Faculty of Management
End Sem (Odd) Examination Dec-2017
MS5CO02 Managerial Economics

Programme: MBA(Odd)

Branch/Specialization: Management

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. National income is the Of all the goods and services produced by a country during a period of year: **1**
(a) Physical quantity (b) Money value
(c) Value (d) All of these
- ii. In a closed economy: **1**
(a) GDP=GNP (b) GDP>GNP
(c) GDP<GNP (d) All the three are possible
- iii. States that rapid growth of per capita income will be associated with a reduction in poverty: **1**
(a) Multiplier theory (b) Acceleration
(c) Opportunity cost (d) None of these
- iv. Ceteris Paribus means: **1**
(a) Holding demand constant (b) Holding supply constant
(c) Price being constant (d) Other things being constant
- v. Cross elasticity of demand is: **1**
(a) Negative for complementary goods
(b) Unitary for inferior goods
(c) Negative for substitute goods
(d) Positive for inferior goods.
- vi. If the price elasticity of demand for a good is .75, the demand for the good can be described as: **1**
(a) Normal (b) Elastic (c) Inferior (d) Inelastic

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- vii. Opportunity cost is term which describes: **1**
(a) A bargain for a factor of production
(b) Costs related to an optimum level of production
(c) Average variable cost
(d) None of these
- viii. Law of returns to scale applies when..... **1**
(a) All inputs cost are variable
(b) All inputs cost are fixed
(c) All cost are partly fixed and partly variable
(d) None of these
- ix. has excess production capacity in the long run: **1**
(a) Perfect competition market
(b) Monopolistic competition market
(c) Oligopolistic market
(d) None of these
- x. The kinked demand curve model assumes that: **1**
(a) Firms match price increases, but not price cuts
(b) Demand is more elastic for price cuts than for price increases
(c) Changes in marginal cost can never lead to changes in market price
(d) None of these

- Q.2 i. Define GDP. **2**
ii. Explain the Nature, Scope, Characteristics and significance of managerial economics. **8**
- OR iii. Discuss the circular flow of income two-sector and four-sector economy. **8**

- Q.3 i. Explain the Time value of money. **2**
ii. Write short notes on: **8**
(a) Concept of Marginal and Equi-Marginal
(b) Concept of Investment multiplier & acceleration
- OR iii. Explain any two Theories of Firm? **8**

- Q.4 i. Briefly explain the Cardinal approach. **2**
ii. What are the determinates of elasticity of demand? How can the elasticity of demand be measured? **8**

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- OR iii. What is Indifference curve? Explain its properties. **8**
- Q.5 i. What are the various costs in Long Run and Short Run? **3**
ii. Discuss the law of variable proportions with suitable example. **7**
- OR iii. What are the Economies & diseconomies of Scale? Explain with illustrations. **7**
- Q.6 Attempt any two:
i. Explain the meaning and Phases of Business Cycles. **5**
ii. Discuss the Economic stabilization & Role of govt. in the economy. **5**
iii. How can the price and output be determined under monopolistic competition? Discuss. **5**

**MS5CO02 Managerial Economics
Marking Scheme**

Q.1	i.	(b) Money value	1
	ii.	(a) GDP=GNP	1
	iii.	(a) Multiplier theory	1
	iv.	(d) Other things being constant	1
	v.	(a) Negative for complementary goods	1
	vi.	(d) Inelastic	1
	vii.	(d) None of these	1
	viii.	(a) All inputs cost are variable	1
	ix.	(a) Perfect competition market	1
	x.	(d) None of these	1
Q.2	i.	Any definition-2 Marks for GDP	2
	ii.	2 marks for Nature, 2 marks for Scope, 2 marks for Characteristics and 2 marks for significance of managerial economics with brief explanation of each point	8
	iii.	4 marks for The circular flow of income two-sector 4 marks for four-sector economy	8
Q.3	i.	Meaning of Time value of money-2 Marks	2
	ii.	4 marks for Concept of Marginal and Equi-Marginal 4 marks for the Concept of Investment multiplier & acceleration	8
OR	iii.	4 marks for each theory (4*2 = 8)	8
Q.4	i.	Cardinal -2 Marks	2
	ii.	4 Marks for determinates of elasticity of demand 4 marks for the measured	8
OR	iii.	3 marks for indifference curve 5 Marks for properties	8
Q.5	i.	Any two costs in -1.5 Marks for in Long Run and 1.5 Marks for Short Run	3
	ii.	Law of variable proportions - 5 Marks and 2 marks for the examples	7

OR iii. Economies of Scale - 3 Marks and 4 marks for diseconomies of Scale **7**

Q.6 Attempt any two:

 i. 2 marks for meaning and 3 marks for Phases of Business Cycles **5**

 ii. 2.5 marks for Economic stabilization and 2.5 marks for Role of
 govt. in the economy **5**

 iii. 3 marks for price determined and 2 marks for output determined **5**
