

Roll No. ....

## **MS–103/CP–1005/MBAH–105**

### **Managerial Economics/Economics for Managers**

(प्रबन्धकीय अर्थशास्त्र/प्रबन्धकों के लिए अर्थशास्त्र)

**Master of Business Administration/Diploma in  
Management**

(MBA–10/12/13/16/17/DIM–10/16/17)

**First Semester, Examination, 2018**

**Time : 3 Hours**

**Max. Marks : 80**

**Note :** This paper is of **eighty (80)** marks containing **three (03)** Sections A, B and C. Learners are required to attempt the questions contained in these Sections according to the detailed instructions given therein.

#### **Section–A**

##### **(Long Answer Type Questions)**

**Note :** Section ‘A’ contains four (04) long answer type questions of nineteen (19) marks each. Learners are required to answer *two* (02) questions only.

1. What are the different types of ‘economies of large scale production’ ? How do they become diseconomies ?
2. Explain a firm’s equilibrium in perfect competition, with the help of marginal revenue and marginal cost curves. How will the total profit or loss be calculated ?

**(B-92) P. T. O.**

3. Explain a firm's equilibrium under oligopoly through 'kinked demand curve'. Why is the demand curve kinked ?
4. What is Gross National Product of a country ? Distinguish between GNP at current prices and constant prices. Explain the relationship between GNP, NNP and NY.

### Section-B

#### (Short Answer Type Questions)

**Note :** Section 'B' contains eight (08) short answer type questions of eight (08) marks each. Learners are required to answer *four* (04) questions only.

1. Distinguish between cardinal and ordinal concepts of utility.
2. Suppose the demand function is :

$$QD_x = 50 - 2 P_x + .05 Y + 1.5 P_y - 2 P_z$$

where :

$QD_x$  is Quantity demanded of product  $x$

$Y$  is income of consumer

$P_x$ ,  $P_y$  and  $P_z$  are prices of  $x$ ,  $y$  and  $z$  respectively.

Calculate quantity demanded if  $P_x = 5$ ;  $Y = 500$ ;  $P_y = 8$  and  $P_z = 4$ . What is the relationship between  $x$  and  $y$ ; and  $x$  and  $z$  ?

3. What is meant by economies of scope ? How is it different from economies of scale ?
4. Draw average fixed cost, average variable cost and average total cost curves and explain the relationship between them.

5. Distinguish between real and imaginary product differentiation in a monopolistic competition market.
6. Calculate the following cost table :

Output	Total Cost	Average Cost	Marginal Cost
1	10	—	—
2	—	—	8
3	24	—	—
4	—	8	—
5	—	—	10
6	54	—	—
7	—	10	—
8	—	—	18

7. What are the different objectives of holding cash, according to Keynesian theory ?
8. Explain circular flow of income in a 3 Sector model with households, firms and government.

### Section–C

#### (Objective Type Questions)

**Note :** Section ‘C’ contains ten (10) objective type questions of one (01) mark each. All the questions of this Section are compulsory.

Indicate whether the following statements are True *or* False :

1. Discounting principle and time value of money principle is the same thing. (True/False)
2. Marginal utility principle is based on ordinal concept of utility. (True/False)

3. The elasticity of demand of a downward sloping straight line demand curve is the same on all its points.  
(True/False)
4. If the demand is inelastic, an increase in price will reduce the consumer outlays. (True/False)
5. If the average cost curve is falling, marginal cost curve is also definitely falling. (True/False)
6. If a supply curve has a positive intercept on 'y' axis, its elasticity is always greater than one. (True/False)
7. If a monopolist keeps on increasing the price of its product, its total revenue will keep on increasing.  
(True/False)

Fill in the blanks :

8. A vegetable market at a place is closest in characteristics to ..... .
9. The long run average cost curve is also known as the ..... curve.
10. Under the Break-even analysis, contribution is equal to price minus ..... .