



BRAINWARE UNIVERSITY

Term End Examination 2018 - 19

Programme – Bachelor of Business Administration

Course Name – Managerial Economics

Course Code – BBA201

(Semester – 2)

Time allotted: 3 Hours

Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*
 - (i) Business Economics is also known as

a. Managerial Economics	b. Economics for Executives
c. Economic analysis for business decisions	d. All of the above
 - (ii) Opportunity Cost means

a. The accounting cost minus the marginal benefit	b. The highest-valued alternative forgone.
c. The monetary costs of an activity.	d. The accounting cost minus the marginal cost.
 - (iii) Which of the following is not a non-price determinant of demand?

a. Tastes & preferences	b. Income
c. Technology	d. Future expectations
 - (iv) The numerical of co-efficient of perfectly inelastic demand e_d =

a. <1	b. =0
c. >1	d. =1
 - (v) What is the economic problem every nation has?

a. The problem of meeting every one's needs	b. Not enough population
c. Too much population	d. Not enough resources

- (vi) In case of increase in income, the demand curve
- | | |
|---------------------------|-----------------------|
| a. Shifts backward | b. Shifts forward |
| c. Will have upward slope | d. Will be horizontal |
- (vii) Diminishing Marginal Utility means
- | | |
|---------------------------------------------|----------------------------------------------|
| a. Total utility increases at constant rate | b. Total utility decreases |
| c. Total utility rises first then falls | d. Total utility rises at a diminishing rate |
- (viii) Which of the following curve is not U-shaped?
- | | |
|--------------|--------------|
| a. AFC curve | b. AVC curve |
| c. MC curve | d. AC curve |
- (ix) A firm operating under conditions of perfect competitions can
- | | |
|-------------------------------------------------------|-------------------------------------------------|
| a. Determine the price of its product. | b. Determine only the size of its output. |
| c. Promote the sales through effective advertisement. | d. Capture the market by cutting down the price |
- (x) Cartel is a part of
- | | |
|-----------------------------|------------------------|
| a. Monopoly | b. Oligopoly |
| c. Monopolistic Competition | d. Perfect Competition |

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

- | | |
|----------------------------------------------------------------------------------------|-----|
| 2. Discuss the scope of managerial economics. | 5 |
| 3. Why does demand curve slope downwards? Explain the violations of the law of demand. | 2+3 |
| 4. State the meaning of indifference curve. Explain its properties. | 2+3 |
| 5. Explain the law of returns to scale. | 5 |
| 6. Distinguish between perfect competition and monopoly. | 5 |

Group – C

(Long Answer Type Questions)

3x 15 = 45

Answer any *three* from the following

- | | |
|---------------------------------------------------------------|-----|
| 7. (a) What is Budget Line? Explain the slope of budget line. | 4+3 |
| (b) When does the budget line shift? | 8 |

8. (a) Explain the cross price elasticity of demand for complementary goods and substitute goods. If the value of cross-elasticity of demand is negative state whether the goods will be treated as complementary goods or substitute goods-interpret your answer with proper reason. 4+3
- (b) Calculate price elasticity of demand from the following and state the type of elasticity: 5
- | Price per unit (Rs.) | Quantity Demanded per Period |
|----------------------|------------------------------|
| Rs 10.00 | 300 |
| Rs. 12.00 | 240 |
- (c) Would you expect the cross-elasticity of demand to be positive, negative or zero for each of the following pair of product: 3
- i) Hawkins and Prestige pressure cooker
 - ii) Kwality ice cream and shoes
 - iii) Innova Car and Bharat Petroleum
9. State and Explain law of variable proportions. In which stage a rational producer will operate? 15
10. Write a short note on the following: 5+5
+5
- i) Collusive Oligopoly
 - ii) Prisoners Dilemma
 - iii) Product Differentiation
11. (a) Explain with diagram why the short run average cost curve is “U” shaped in nature. 8
- (b) Why long run average cost curve is known as “Planning Curve?” 7
