

FIRST SEMESTER B.B.A / B.Com. DEGREE EXAMINATION, NOVEMBER 2010

BCIC.01—MANAGERIAL ECONOMICS (Common for BBA)

Time : Three Hours

Maximum : 30 Weightage

I. Answer all twelve questions:

A. Fill in the blanks:

1. Human wants are unlimited, but the means to satisfy them are _____.
2. _____ making is essentially a process of selecting the best among many alternative opportunities.
3. Other things remaining same, quantity of a product demanded increases with _____ in price
4. Under _____ plus method of pricing, price of products are set to cover all costs and a predetermined percentage of profit.

B. Write the correct answer from the choice given in a brackets

5. Managerial economics is _____. (positive, normative)
6. Price skimming means charging _____ (high price, low price)
7. Additional revenue to total revenue by selling one more unit of output is called as _____ (total revenue, marginal revenue)
8. Kinked demand curve is a characteristic feature of _____. (oligopoly, monopoly)

C. Answer in one word:

9. If a market has very large number of buyers and sellers dealing in the same commodity, what is it called?
10. A system of fixing the price by the biggest firm (leader) and other firms in the industry following the same is found in oligopoly market. What is this system called ?
11. Give an example of explicit or paid out cost.
12. If "Price Elasticity" measures the relationship between price and quantity demanded of a commodity, what measures the relation between price of a commodity and demand for another related commodity ?

II. Short answer type questions. Answer all nine questions:

(12 x 1/4 = 3 weightage)

13. What do you mean by external economies ?
14. What is meant by decision-making?
15. Define Marginal rate of substitution.
16. What do you mean by income elasticity of demand ?
17. What is meant by incremental revenue ?
18. What do you mean by production function ?
19. Define monopoly.
20. What is meant by normal profit ?
21. Define penetrating price.

(9 x 1 = 9 weightage)

III. Short essay / paragraph questions. Answer any five questions :

22. How does Managerial Economics differ from General Economics ?
23. What is Law of Variable Proportions ? What are its assumptions ?
24. Briefly explain the internal economies of large scale production.
25. Distinguish between Economic and Accounting cost.
26. What are the features of monopolistic competition?
27. What is marginal cost pricing ? What are its advantages ?
28. Explain how is a business unit affected by the different phases of a business cycle.

(5 x 2 = 10 weightage)

IV. Essay questions. Answer any two questions :

29. Explain the meaning and scope of Managerial Economics.
30. Define Law of Demand. What are its assumptions ? Illustrate with example, the operation of the Law.
31. What are the conditions of Perfect Competition ? Illustrate how is price determined under perfect competition.

(2 x 4 = 8 weightage)