

**FIRST SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2016**

(CUCBCSS—UG)

Complementary Course

BCM 1C 01—MANAGERIAL ECONOMICS

Time : Three Hours

Maximum : 80 Marks

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

(A) Choose the correct answer :

- 1 When a perfectly competitive firm makes a decision to shut down, it is most likely that :
  - (a) Price is below the minimum of average variable cost.
  - (b) Fixed costs exceed variable costs.
  - (c) Average fixed costs are rising.
  - (d) Marginal cost is above average variable cost.
- 2 Macroeconomics deals with :
  - (a) The behavior of firms.
  - (b) Economic aggregates.
  - (c) The activities of individual units.
  - (d) The behavior of the electronics industry.
- 3 A movement along the demand curve to the left may be caused by :
  - (a) A decrease in supply.
  - (b) A rise in the price of inputs.
  - (c) A fall in the number of substitute goods.
  - (d) A rise in income.
- 4 In the long run, all factors of production are :

(a) Variable.	(b) Fixed.
(c) Materials.	(d) Rented.

Turn over

5. An implicit cost is :

- (a) The cost of a given alternative.
- (b) Calculated by subtracting the monetary cost.
- (c) The cost of a chosen alternative.
- (d) None of the above.

(B) Fill in the blanks :

- 6 The burden of indirect tax is borne partly by the consumer and partly by the \_\_\_\_\_.
- 7 For economics by costs means \_\_\_\_\_.
- 8 In the long run under perfect competition a firm will earn only \_\_\_\_\_.
- 9 If the number of possible uses of a commodity is greater, its price elasticity of demand will be \_\_\_\_\_.
- 10 \_\_\_\_\_ is a situation of severely falling prices and lowest level of economic activities.

(10 × 1 = 10 marks)

### Part B (Short Answer Questions)

*Answer any eight questions.*

*Each question carries 2 marks.*

- 11 What is excess capacity ?
- 12 What do you mean by discriminatory oligopoly ?
- 13 What is meant by stagflation ?
- 14 Define production function.
- 15 What is private cost ?
- 16 What are social monopolies ?
- 17 What do you mean by Giffen paradox ?
- 18 What is substitution effect ?
- 19 What do you mean by normal commodity ?
- 20 What is ceiling price ?

(8 × 2 = 16 marks)

**Part C (Short Essay Questions)**

*Answer any six questions.*

*Each question carries 4 marks.*

- 21 Define law of marginal utility. Explain its limitations.
- 22 What is market demand ? What are the determinants of market demand ?
- 23 What is demand forecasting ? State its techniques.
- 24 What is law of variable proportions ? What are its assumptions ?
- 25 What is the role of macro economics in the formulation of business policies ?
- 26 Mention price determination under price discrimination.
- 27 Explain the cost output relationship in the short run.
- 28 Define demand. Mention the exceptions to law of demand.

(6 × 4 = 24 marks)

**Part D (Essay Questions)**

*Answer any two questions.*

*Each question carries 15 marks*

- 29 Discuss the various economies and diseconomies of scale of operation.
- 30 Define economic cost. List out the determinants of cost of a product and services.
- 31 Explain price and output determinations under oligopoly.

(2 × 15 = 30 marks)