

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**BBA, Winter 2021-22 Examination**

**Semester: 3**  
**Subject Code: 06101204**  
**Subject Name: Managerial Economics - 1**

**Date: 28-09-2021**  
**Time: 02:00 PM to 04:30 PM**  
**Total Marks: 60**

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**Instructions**

1. Attempt all questions from each section.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Write separate sections on separate answer sheets.

**Q.1 Do as Directed.****(A) Multiple choice type questions/Fill in the blanks (1 Mark Each) (05)**

1. The number of buyers is comparatively small \_\_\_\_\_.
  - a) for consumer's goods
  - b) for durable goods
  - c) for producer's goods
  - d) for non-durable goods
2. Price line is \_\_\_\_\_.
  - a) negatively sloped
  - b) parallel to X-axis
  - c) positively sloped
  - d) parallel to Y-axis
3. Indifference curves are \_\_\_\_\_ to origin.
  - a) Concave
  - b) convex
  - c) both a and b are correct
  - d) none of the above
4. Which of the following cost curve does not have a 'U' shape?
  - a) Average Cost (AC)
  - b) Marginal Cost (MC)
  - c) Average Variable Cost (AVC)
  - d) Total Fixed Cost (TFC)
5. An example of derived demand is demand for \_\_\_\_\_.
  - a) Pen and pencil
  - b) Petrol and car
  - c) Jute and cotton
  - d) None

**B). Define the following. (Each of 1 mark) (05)**

1. Diminishing Marginal rate of substitution
2. Elasticity of demand
3. Complementary Goods
4. Average Cost
5. Consumer's equilibrium

**C). Direct questions. (Each of 1 mark) (05)**

1. What is Income Effect?
2. What is the difference between Economic cost and Accounting cost?
3. List out the types of Price elasticity of demand.
4. Expand the word MRTS.
5. What is LAC and LMC?

**Q.2 Answer the following questions.**

- A) Give the meaning of Managerial Economics. Discuss the scope of Managerial Economics. (07)**

- B)** Demand for a commodity is 50 units when a consumer's income is Rs. 1000. Demand increases to 75 units when income increases to Rs.1250. Find out income elasticity of demand. State also the type of Elasticity. **(08)**

**Q. 3 Answer the following questions.**

- A)** Explain the concept of Returns to Scale with the help of diagram. **(07)**
- B)** Explain Consumer's Equilibrium with the help of ordinal approach. **(08)**

**Q.4 Attempt any two questions. (Each of 7.5 mark)** **(15)**

1. Explain the relationship between Managerial Economics and Mathematics and Economics.
2. Explain Price Effect = Income Effect + Substitution Effect with the help of diagram.
3. Express the relationship between Average Cost Curve and Marginal Cost Curve.
4. Distinguish between Derived demand and Autonomous demand.