

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**BBA Winter 2022-2023 Examination**

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

**Date: 29/09/2022**  
**Time: 10.30am to 01.00pm**  
**Total Marks: 60**

**Instructions**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

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

1. Which of the following is the best definition of managerial economics? it is \_\_\_\_\_
 

a) a distinct field of economic theory	c) a field that applies economic theory and the tools of decision science
b) a field that combines economic theory and mathematics	d) a field that deals with micro aspects and normative science
2. At what point is the maximum profit of a firm \_\_\_\_\_
 

a) $MR > MC$	c) $MR < MC$
b) $MR = MC$	d) $MR > MC$
3. When the percentage change in the quantity demanded is less than the percentage change in income or price, it is denoted as:
 

a) $EY < 1$	c) $EY = 0$
b) $EY = 1$	d) $EY > 1$
4. Cost and production analysis helps in
 

a) social and political environment	c) keeping an ideal quantity of stock
b) taking quantitative decisions	d) prepare cost estimates of a range of output
5. The value of an entrepreneur's resources that she uses in production are known as
 

a) Implicit costs	c) Explicit costs
b) Operating expenses	d) Sunk costs

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

1. Isocost line
2. Delphi Technique/Method
3. Negative Cross Elasticity
4. Average Cost
5. Consumer's Equilibrium

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

1. Write any two factors which affect income elasticity
2. What is ordinal approach of consumer surplus?
3. State Marginal Rate of Substitution.
4. Write any two importance of demand forecasting.
5. What is 'Return to scale'?

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

**A).** What is Price Consumption Curve? Explain the concept of Downward, Upward and Horizontal sloping PCC with the help of an example and its graph. **(07)**

**B).** A consumer purchased 10 packets of Bastar Dairy milk when its price was Rs. 5 per packet. He purchased 12 packets of same milk when its price fell to Rs. 4 per packet. What is price elasticity of demand for Bastar milk at that price? Also write the definition of Price Elasticity of Demand. **(08)**

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

**A).** Illustrate Indifference Curve with suitable examples along with the graph. Justify the properties of Indifference Curve. **(07)**

**B).** Describe the concept of Long-run Marginal Cost and Long-run Average Cost with the help of its graph. **(08)**

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

1. How are micro-economics, macro-economics and statistics related to managerial economics? Analyze.
2. Explain all the three methods of measuring price elasticity.
3. What is Isoquants? Explain the concept and characteristics of Isoquants along with its graph.
4. "Derivation of demand curve with the help of PCC". Discuss.