Seat No:______________ Enrollment No:______________

PARUL UNIVERSITY

FACULTY OF MANAGEMENT

BBA, Winter 2017 - 18 Examination

Semester: 3 **Date: 23/12/2017**
Subject Code:06101204 **Time: 02:00pm to 04:30pm**
Subject Name: Managerial Economics - I **Total Marks: 60**

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.1Do as Directed.

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

1. J.R. Hicks & R.J.D. Allen has developed which concept of measuring consumer behavior ____.
   - a) Ordinal Utility analysis
   - b) Indifference curve approach
   - c) Cardinal Utility Analysis
   - d) Both - B and C
2. An indifference curve shows combinations of two goods that___________________________
   - a) would provide the consumer with the same level of satisfaction
   - b) would provide the consumer with the different level of satisfaction
   - c) consumer could buy with their given income
   - d) none of the above

3.The cost recorded in the books of accounts are considered as_______________.
   - a) implicit cost
   - b) opportunity cost
   - c) sunk cost
   - d) explicit cost

4. The short run Average Cost curve is __ shaped.
   - a) V shaped
   - b) U shaped
   - c) L shaped
   - d)all of the above

5. When Cross elasticity of demand for two goods is positive then those goods would be ________________.
   - a) substitute goods
   - b) normal goods
   - c) complementary goods
   - d) none of the above

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

1. Autonomous Demand
2. Indifference Curve
3. Managerial Economics
4. Implicit Cost
5. Perfectly Inelastic demand

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

1. Define ISO-Quant.
2. Income Elasticity
3. Give any four example of Explicit Cost.
4. What is Producer Equilibrium.
5. List down any two example of Consumer Goods.

Q.2 Answer the following questions.

A) With the use of Ordinal Approach represent maximum satisfaction point of Consumers. **(07)**

B) Which are the different degrees of income elasticity of demand? **(08)**

Q.3 Answer the following questions.

A) Distinguish between consumer durable goods and non durable goods demand and Producers and Consumers goods. **(07)**

B) Illustrate the concept of Returns to scale. **(08)**

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

1. Which demand forecasting method will be suitable for the firm going to launch new product in the existing market. Also explain the importance of demand forecasting with suitable examples.
2. Discuss in detail Law of variable proportion and also state its assumptions.
3. Calculate Cross Elasticity of Demand Considering following information :

Product	**Price**		**Demand**	
	2011	2014	2011	2014
Tea	Rs. 5	Rs. 10	250	150
Coffee	Rs. 12	Rs. 12	150	190

Also Prepare Diagram for the cross elasticity of above given example.

4. Justify Price Effect = Income Effect + Substitution Effect with the help of diagram.