

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Summer 2018-19 Examination

Semester: 3
Subject Code: 06101204
Subject Name: Managerial Economics-I

Date: 08/05/2019
Time: 10:30 am To 1:00 pm
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. When demand for a product is independent, it is called.....

a Derived demand	b autonomous demand
c Market demand	d industry demand
2. Decision Making means:

a Implementation of a business plan	b holding seminars on business issues
c Passing bills in parliament	d choosing the best alternative
3. Formula used to find out AFC:

a Total cost/ Total output	b Total fixed cost / Total output
c Total variable cost/ Total output	d Average variable cost + Average cost
4. Production function means

a Relation between production and price	b Relation between production and sales revenue
c Relation between factor amount and marginal cost	d Relation between factor input and output.
5. Who developed indifference curve analysis?

a Marshall	b Pigou
c Keynes	d Hicks

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

- 1 Demand forecasting
- 2 Consumer Surplus
- 3 Opportunity Cost
- 4 Iso- quant
- 5 Promotional Elasticity

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

- 1 What is consumer Equilibrium?
- 2 What is the relationship between Average Cost and Marginal Cost?
- 3 Differentiate between Internal Economies and External Economies.
- 4 What do you understand by Price Effect?
- 5 What is Sectoral Demand?

Q.2 Answer the following questions.

A). Explain the basic survey methods of demand forecasting. (07)

B). What is price elasticity of demand? Describe with diagrams the various types of price elasticity of demand. (08)

Q.3 Answer the following questions.

A). What is meant by returns to scale? Using a suitable diagram, explain the concepts of increasing, constant and diminishing returns to scale. (07)

B). Draw a long run AC curve. Explain the meaning and features of long run AC curve. (08)

Q.4 Attempt any two questions.(7.5 Marks Each)

(15)

1. “Managerial Economics is the allocation of resources available to a firm or other unit of management among the activities of those units.” Examine and evaluate this statement.
2. What does indifference curve mean? Why does it slope down from left to right? Prove with diagram that two indifference curves cannot intersect each other.
3. A consumer buys 100 units of good X at Rs. 5 per unit. The price elasticity of demand for the good is 2. At what price will he be willing to buy 140 units of good X?
4. Explain with diagram the concept of iso-cost line. What will be the impact of a change in the ratio of factor prices on the iso-cost line. Explain with the help of diagram.