Seat No:_______________ Enrollment No:_______________

PARUL UNIVERSITY

FACULTY OF LAW

I-B.Com. LL.B. Winter 2019 – 20 Examination

Semester: 4 **Date: 11/12/2019**
Subject Code: 17302280 **Time: 10.30 am to 1.00 pm**
Subject Name: Managerial Economics **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. (1 marks each. All Compulsory) (15)

1. The concept of supply curve as used in economic theory is relevant only for the case of
   (A) Oligopoly competition (B) Perfect or pure competition
   (C) Monopolistic competition (D) Monopoly

2. Other things being equal, an increase in supply can be caused by
   (A)A rise in the income of the consumer
   (B) An improvement in the techniques of production
   (C)A rise in the price of the commodity
   (D) An increase in the income of the seller

3. One would expect a firm to close down rather than continue producing in the short-period if
   (A) Variable costs were to fall below fixed costs
   (B) Total revenue were less than total variable cost
   (C) Total revenue were more than total variable cost
   (D) Variable costs were to raise below fixed costs

4. The Law of Diminishing Returns depends on the assumption that
   (A) Land is the factor kept constant
   (B) The state of technical knowledge is unchanged
   (C) Total output is constant
   (D) Average output declines faster than marginal output

5. Under perfect competition a firm can produce with
   (A) An optimum plant (B) Identical products at low cost
   (C) Maximum profit (D) An optimum output

6. In monopoly, the relationship between average revenue and marginal revenue curves is as follows
   (A) Average revenue curve lies above the MR-curve
   (B) AR curve lies below the MR-curve
   (C) AR curve coincides with the MR-curve
   (D) AR curve is parallel to the MR-curve

7. A monopoly producer has
   (A) Control over production but not price
   (B) Control over production, price and consumers
   (C) Control neither on production nor on price
   (D) Control over production as well as price

8. A circumstance in which it might pay a monopolist to cut the price of his product is where
   (A) MC is falling (B) MR is greater than MC
   (C) His advertising costs are increasing (D) Average costs seem about to fall

9. From the resource allocation view point, perfect competition is preferable because
   (A) There is no restriction on entry and exit of firms
   (B) There is a whole variety of output produced
   (C) The firms operate at excess capacity levels
   (D) There is no idle capacity

10. Given the cost conditions
   (A) Monopoly output will be higher and prices lower than under pure competition
   (B) Monopoly output will be lower and price higher than under pure competition
   (C) Monopoly output and price will be higher than under pure competition
   (D) Monopoly output and price will be lower than under pure competition

11. Match the following **(05)**

(A) Increasing cost industry	1. Horizontal long run supply curve
(B) Decreasing cost industry	2. Positively sloped long run supply curve
(C) Constant cost industry	3. Negatively sloped long run supply curve
(D) A set of indifference curves	4. Indifference map
(E) Various combinations of two commodities that give consumer equal satisfaction	5. Indifference curve

(A). (A) (B) (C) (D) (E)-3 2 1 4 5
(B). (A) (B) (C) (D) (E)-1 2 3 5 4
(C). (A) (B) (C) (D) (E)-2 3 1 4 5
(D). (A) (B) (C) (D) (E)-2 1 3 4 5

Q.2 **A) Write short notes on** **(Each of three mark)** **(15)**
1. National Income
2. Gross Domestic Product
3. Oligopoly
4. Net National Income
5. Gross National Product

Q.3 A) Explain Law of Demand with an appropriate example **(08)**

OR

A) Explain and list the determinants of demand **(08)**

B) List and explain Scope of Managerial Economics **(07)**

OR

B) List the types of market and explain monopoly market in detail **(07)**

Q.4 A) Rahul is the manufacturer of the chemical that is used to make rubber and tyers. He was very successful in developing the business of it. He made huge profits form the same as he was the only player that product and use to decide the price by his own. Identify the type of market and explain the consequences of it on economy. **(07)**

B) Answer any four from the following **(Each of two mark)** **(08)**
1. Explain Price Elasticity of Demand
2. Explain Individual, Market and Firm demand
3. Managerial Economics is a part of economics- explain
4. What is business decision making
5. Explain Perfect Competition market