DEPARTMENT OF HUMANITIES & SOCIAL SCIENCES
NATIONAL INSTITUTE OF TECHNOLOGY SILCHAR
END-SEMESTER EXAMINATIONS, MAY, 2023
8th SEMESTER (EE, CSE & ECE BRANCHES)

Course Code: HS-401 **Course Name: Managerial Economics**

Course Outcomes (CO):
At the end of the course, students are expected to
1. Take better economic decisions regarding cost, price fixation, and determination of the optimum level of output
2. Situate themselves as managers of business entities within the overall macroeconomic environment which will, in turn, help them to take effective economic and managerial decisions.

Full Marks: 50 ***Time: 2 Hours***

Answer any **FIVE** questions.

Q. No.	Questions	Marks	CO
1. a.	What is NNP at factor cost? If GDP at market price in India in 2021-22 was Rs 45000 crore, net factor income from abroad was Rs 150 crore and Depreciation was Rs 100 crore, calculate GNP at market price and NNP at market price.	1+1+1=3	CO2
1. b.	Define Real GDP. If the nominal GDP is 2,00,000 in 2012 and 6,00,000 in 2022, and if the GDP deflator is 300 in 2012 and 600 in 2022, then what is the real GDP in 2022?	1+1=2	CO2
1. c.	Explain the value-added method and income method of calculating GDP.	2.5+2.5=5	CO2
2. a	What is hyperinflation? Why is it disastrous for an economy?	1+2=3	CO2
2. b.	What is cost-push inflation? How does monopoly cause cost-push inflation?	2+2=4	CO2
2. c	How does discretionary fiscal policy cause inflation?	3	CO2
3. a.	Define the business cycle. Explain the phases of the business cycle with the help of a diagram.	1+4=5	CO2
3. b.	Explain the causes of the business cycle.	5	CO2
4.	A firm is operating in a perfectly competitive market. Its situation is summarised in the table of data that follows: Q: 0, 1, 2, 3, 4, 5, 6, 7 TR: 0, 30, 60, 90, 120, 150, 180, 210 TC: 10, 40, 60, 70, 80, 100, 130, 170 a. From the data given above, calculate AC(ATC), TFC, AFC, TVC, AVC, MC, AR, and MR b. Find out the equilibrium output (Q) of that firm.	1×8+2=10	CO1
5. a.	Explain the shutdown point and break-even point of a firm with the help of a diagram.	5	CO1
5. b.	Explain the equilibrium of (i) a profit maximising and (ii) a loss minimising monopoly firm with the help of diagrams.	2.5+2.5=5	CO1
6. a.	Explain the relationship between MC, ATC, and AVC with the help of a diagram.	6	CO1
6. b.	If the TC function of a firm is $TC=2000+20Q-16Q^2+4Q^3$, find out the average variable cost (AVC) below which the firm has to shut down its production.	4	CO1