

Enrollment No.....



Programme: MBA

Branch/Specialisation: Management

**Duration: 3 Hrs.****Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

	Marks	BL	PO	CO	PSO
Q.1 i. Money flow is the flow of-	<b>1</b>	1	1	2	1
(a) Factor payments and Expenditure on goods and services					
(b) Goods only					
(c) Services only					
(d) Goods & services					
ii. Total value of all final goods and services produced in a country during one year is-	<b>1</b>	1	1	2	1
(a) NNP					
(b) GNP					
(c) GDP					
(d) NI					
iii. The value of multiplier depends on	<b>1</b>	1	2	4	2
(a) MPC					
(b) MPS					
(c) APS					
(d) None of these					
iv. Two basic components of incremental reasoning are-	<b>1</b>	1	2	7	2
(a) Incremental cost and Incremental revenue					
(b) Incremental cost and decremental revenue					
(c) Decremental cost and revenue					
(d) None of these					
v. At saturation point marginal utility of a commodity is-	<b>1</b>	1	2	4	3
(a) Positive					
(b) Negative					
(c) Zero					
(d) Increasing					

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vi.	Normally a demand curve will have the shape-	<b>1</b>	1	1	8	3	ii.	Critically explain the law of diminishing marginal utility.	<b>7</b>	7	3	9	3
	(a) Horizontal (b) Vertical						OR	iii. Critically explain law of demand.	<b>7</b>	7	3	7	3
	(c) Downward sloping (d) Upward sloping						Q.5	i. Write a detailed note on ISO-quant.	<b>4</b>	4	2	2	4
vii.	Increases and decreases with the volume of output.	<b>1</b>	1	1	4	4	ii.	Critically explain the law of variable proportions.	<b>6</b>	6	3	7	4
	(a) Fixed cost (b) Variable cost						OR	iii. What do you mean by cost? Explain any five types of cost.	<b>6</b>	6	3	9	4
viii.	If price of a commodity increases, then supply of that commodity.	<b>1</b>	1	2	2	4	Q.6	Attempt any two:					
	(a) Decreases (b) Increases						i.	What do you mean by oligopolistic market. Draw a price plan for the oligopolistic market with argument.	<b>5</b>	5	4	12	5
	(c) No change (d) None of these						ii.	An economy is having the prosperity phase in a business cycle. The national income, per capita income is increasing. The demand of products is increasing. The record of government shows that the purchasing power of the people is increasing. The inflation rate is under control. The employment level is also high as compared to previous year. You are an entrepreneur and want to introduce your product in such type of economy. Analyse the situation and draw your plan to introduce your product.	<b>5</b>	5	4	4	5
ix.	In which type of market, demand is inelastic.	<b>1</b>	1	2	7	5	iii.	What do you mean by monopolistic competition? Explain the price and output determination of a firm in short run.	<b>5</b>	5	3	9	5
	(a) Perfect competition (b) Monopoly												
	(c) Monopolistic (d) None of these												
x.	When aggregate economic activity is declining, the economy is said to be in.	<b>1</b>	1	2	7	5							
	(a) An expansion (b) A trough												
	(c) Contraction (d) All of these												
Q.2	i. Define GDP. Draw a business plan if GDP is increasing.	<b>3</b>	3	1	2	1							
	ii. What do you mean by national income? Elaborate the circular flow of income in four sector economy.	<b>7</b>	7	2	4	1							
OR	iii. Explain the significance of managerial economics with example.	<b>7</b>	7	2	5	1							
Q.3	i. Explain the concept of consumer surplus.	<b>4</b>	4	4	8	2							
	ii. Critically explain the Baumol's theory of a firm.	<b>6</b>	6	3	9	2							
OR	iii. Define multiplier. If the value of multiplier is high, then draw a suitable business plan for the firm.	<b>6</b>	6	3	9	2							
Q.4	i. What do you mean by price elasticity. Draw a price plan for a price elastic commodity with explanation.	<b>3</b>	3	4	2	3							

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**Marking Scheme**  
**MS5CO27 (T) Economics for Managers (T)**

Q.1	i) (a) Factor payments and Expenditure on goods and services ii) (c) GDP iii) (a) MPC iv) (a) Incremental cost and Incremental revenue v) (c) Zero vi) (c) Downward sloping vii) (b) Variable Cost viii) (b) Increases ix) (b) Monopoly x) (c) Contraction	1 1 1 1 1 1 1 1 1 1	ii. Critically explain the Baumol's theory of a firm. Scheme: a) Statement and definition of theory. ....1 Mark b) Assumptions. ....1 Mark c) Explain the concept. ....3 Marks d) Criticism. ....1 Mark  OR     iii. Define multiplier. If the value of multiplier is high, then draw a suitable business plan for the firm. Scheme: a) Define multiplier. ....1 Mark b) If the value of multiplier is high, then draw a suitable business plan for the firm. ....3 Marks	6
Q.2	i. Define GDP. Draw a business plan if GDP is increasing.	3	Q.4    i. What do you mean by price elasticity. Draw a price plan for a price elastic commodity with explanation. Scheme: a) What do you mean by price elasticity. ....1 Mark b) Draw a price plan for a price elastic commodity with explanation. ....2 Marks  ii. Critically explain the law of diminishing marginal utility.	3
	Scheme: a) Define GDP. ....1 Mark			
	b) Draw a business plan if GDP is increasing.....2 Marks			
	ii. What do you mean by national income? Elaborate the circular flow of income in four sector economy.	7		
	Scheme: a) Write the meaning of national income .....1 Mark b) Explain four sectors .....4 Marks c) Explain with diagram. ....2 Marks			
OR	iii. Explain the significance of managerial economics with example.	7	OR    iii. Critically explain law of demand. Scheme: a) Statement of the law of demand. ....1 Mark b) Assumption. ....1 Mark c) Explanation with table and diagram. ....4 Marks d) Criticism of the law. ....1 Mark	7
	Scheme: Explain any seven significances of managerial economics with example each carry one mark.			
	iv.			
Q.3	i. Explain the concept of consumer surplus.	4	Q.5    i. Write a detailed note on ISO-quant. Scheme: a) Detailed note with table and diagram.	4
	Scheme: a) Statement and definition. ....1 Mark			
	b) Assumptions. ....1 Mark			
	c) Explanation concept of consumer surplus with table and diagram.....4 Marks			
OR	ii. Critically explain the law of variable proportions.		ii. Critically explain the law of variable proportions. Scheme: a) Statement of the law....1 Mark	6

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- b) Assumptions. .... 1 Mark  
c)Explanation with table and diagram. .... 3 Marks  
d)Criticism. .... 1 Mark

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a) Define cost. ....1 Mark

b) Explain any five types of cost. Each carry one mark.  
.....5 Marks

**Q.6**

i. What do you mean by oligopolistic market. Draw a price plan for the oligopolistic market with argument. 5

### Scheme:

a) What do you mean by oligopolistic market.....1 Mark  
b) Draw a price plan for the oligopolistic market with argument.  
.....4 Marks

ii. An economy is having the prosperity phase in a business cycle. The national income, per capita income is increasing. The demand of products is increasing. The record of government shows that the purchasing power of the people is increasing. The inflation rate is under control. The employment level is also high as compared to previous year. You are an entrepreneur and want to introduce your product in such type of economy. Analyse the situation and draw your plan to introduce your product.

### Scheme:

Analyse the situation and draw your plan to introduce your product. ....5 Marks

iii. What do you mean by monopolistic competition? Explain the price and output determination of a firm in short run. 5

### Scheme:

a) What do you mean by monopolistic competition?  
..... 2 Marks

b) Explain any three condition of the price and output determination of a firm in short run. ....3 Marks

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