

Total No. of Questions: 6

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Enrollment No.....

Faculty of Management Studies

End Sem (Odd) Examination Dec-2022

MS5CO02 Managerial Economics

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.

- Q.1 i. The principle reasons behind economic problems are- **1**
(a) Unlimited wants (b) Limited or scarce of means
(c) Alternatives uses of means (d) All of these
- ii. Which of the following is the method of measuring National Income? **1**
(a) Income method (b) Product method
(c) Expenditure method (d) All of these
- iii. Opportunity cost means- **1**
(a) The accounting cost minus the marginal benefit
(b) The highest-valued alternative forgone
(c) The monetary costs of an activity
(d) The accounting cost minus the marginal cost
- iv. A consumer is in equilibrium when the marginal utilities are- **1**
(a) Increasing (b) Equal (c) Minimum (d) Highest
- v. Two goods that are used jointly to provide satisfaction are called- **1**
(a) Inferior goods (b) Normal goods
(c) Complementary goods (d) Substitute goods
- vi. When an individual's income falls (while everything else remains the same), his demand for an inferior good- **1**
(a) Increases
(b) Decrease
(c) Remains unchanged
(d) We cannot say without additional information

P.T.O.

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- vii. When a firm doubles its inputs and finds that its output has more than doubled, this is known as- **1**
 (a) Economies of scale
 (b) Constant returns to scale
 (c) Diseconomies of scale
 (d) A violation of the law of diminishing returns
- viii. Following are the assumptions of the law of variable proportions- **1**
 (a) Only one factor is variable while the other factors are constant
 (b) This law will not be applicable in conditions where the factors are varied proportionately
 (c) The variable units are homogeneous in nature i.e. all are having equal efficiency
 (d) Price for input remains changed
- ix. Which of the following market types has all firms selling products so identical that buyers do not care from which firm they buy? **1**
 (a) Perfect competition (b) Oligopoly
 (c) Monopolistic competition (d) Monopoly
- x. A barrier to entry is- **1**
 (a) An open door
 (b) The economic term for diseconomies of scale
 (c) Illegal in most markets
 (d) Anything that protects a firm from the arrival of new competitors
- Q.2 i. What is GDP? Write down the name its types. **2**
 ii. What is managerial economics? Define and explain the circular flow of economy in four-sector. **3**
 iii. Explain the nature, scope and characteristics of managerial economics. **5**
 OR iv. Define National Income. Explain its aggregates. **5**
- Q.3 i. What is ceteris paribus? Explain with example. **2**
 ii. Explain managerial theories and behavioural theories of firm? **8**
 OR iii. Explain law of equi-marginal utility with its assumptions and limitations. **8**
- Q.4 i. Explain law of diminishing marginal utility with example? **3**

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- ii. Explain law of demand with graphical representation and also explain its determinants. **7**
- OR iii. Explain concept of elasticity of demand with different types of elasticity. **7**
- Q.5 i. What is long run cost and short run cost? Explain with example. **3**
 ii. What is cost? Explain different types of costs. **7**
 OR iii. What is law of variable proportions? Explain its assumptions. **7**
- Q.6 Attempt any two:
 i. What do you mean by market structure? Explain different types of market structure. **5**
 ii. Explain business cycle with its phases. **5**
 iii. Write short note on any one: **5**
 (a) Kinked demand curve (b) Cartel formation

Marking Scheme
MS5CO02 Managerial Economics

Q.1	i)	The principle reasons behind economic problems d. All of the above	1
	ii)	Which of the following is the method of measuring National Income? (D) All of these	1
	iii)	Opportunity cost means b. The highest-valued alternative forgone	1
	iv)	A consumer is in equilibrium when the marginal utilities are B) Equal	1
	v)	Two goods that are used jointly to provide satisfaction are called c. Complementary goods	1
	vi)	When an individual's income falls (while everything else remains the same), his demand for an inferior good b. Decrease	1
	vii)	When a firm doubles its inputs and finds that its output has more than doubled, this is known as a. economies of scale	1
	viii)	Following are the assumptions of the law of variable proportions: d. price for input remains changed	1
	ix)	Which of the following market types has all firms selling products so identical that buyers do not care from which firm they buy? a. perfect competition	1
	x)	A barrier to entry is d. anything that protects a firm from the arrival of new competitors.	1
Q.2	i.	what is GDP define and name its types? Definition -1 Types -1	2

	ii.	What is managerial economics define and explain the circular flow of economy in four-sector? Definition -1 Concept of four sector economy -2	3
	iii.	Explain the nature, scope and characteristics of managerial economics? Nature -2 Scope -1 Characteristics -2	5
OR	iv.	Define National Income and explain its aggregates? Definition -1 Aggregates -4	5
Q.3	i.	What is ceteris paribus explain with example? Definition -1 Example -1	2
	ii.	Explain Managerial theories and Behavioural theories of firm? Managerial theories (Baumol, Marris and Williamson) -4 Behavioural theories(Simon, Cyret and March.) -4	8
OR	iii.	Explain Law of Equi-marginal Utility with its assumptions and limitations? Explanation of law -2 Assumptions -3 Limitations -3	8
Q.4	i.	Explain law of diminishing marginal utility with example? Explanation of law, graphical representation -2 Example -1	3
	ii.	Explain law of demand with graphical representation and also explain its determinants? Explanation of law -3 Graphical representation -1 Determinants of law -3	7
OR	iii.	Explain concept of elasticity of demand with different types of elasticity? Concept of elasticity of demand with formula -3 Different types of elasticity -4	7

Q.5	i.	What is long run cost and short run cost explain with example? Concept of long run and short run cost Example	-2 -1 3
	ii.	What is cost explain different types of costs? Definition of cost Different categorisation of costs	-2 -5 7
OR	iii.	What is law of variable proportions explain its assumptions? Concept of law Graphical representation Example Assumptions	- 2 -1 -1 -3 7
Q.6			
	i.	What do you mean by market structure explain different types of market structure? Concept of market structure Types of market structure	-1 -4 5
	ii.	Explain business cycle with its phases? Definition Phases of business cycle	-1 -4 5
	iii.	Write short note on: - (any one) a. Kinked demand curve Concept of kinked demand curve Graphical representation b. Cartel formation Theory of cartel formation Example	-3 -2 -3 -2 5
