Duration: 3 hours   **Total marks: 70**

Section A
Qn 1. Multiple Choice Questions (MCQs)

[Please answer ALL the following questions, each in question carries TWO marks]

(2*10=20)

i. Choose the correct one:

I.   The success of any business is based on proper management and adequate capital Investment. Which objective of a firm best explains this?"
   a) Demand analysis and forecasting
   b) Production and cost analysis
   c) Pricing decisions
   d) Capital management

II.   "Demand is strengthened with a rise in price or weakened with a fall in price". This is stated by which exception to the law of demand?
   a) Giffen's paradox
   b) Veblen's effect
   c) Fear of shortage
   d) Fear of future rise in price

 ii. Consider the following statements:

I.   _____ is essentially a process of selecting the best option out of many alternative opportunities or courses of action that are open to a manager.

II.   _____ implies planning in advance. It is associated with deciding the future course-of-action of a firm."

a. I-Decision-making, II-Forward planning
b. I- Capital management, II-Theory of games
c. I- Market structure, II-Strategic planning
d. I- Cost analysis, II- Strategic planning

iii. Consider the following statements:
I. Demand basically depends on utility of a _____.
II. A _____ is a locus of points showing various alternative price-quantity combinations.
a. I- Resource, II- Demand function
b. I- Goods ,II- Demand determinants
c. I- Product, II- Demand curve
d. I- Service, II- Demand analysis

iv. "Consider the following statements with respect methods of demand forecasting.
  I.   Complete Enumeration Method comes under direct Interview Method.
  II. Collective Opinion Method comes under statistical method."
  State True or False:
a. I- False, II- True
b. I- False, II- False
c. I- True, II- True
d. I- True, II- False

v. The partial equilibrium approach means the _____ of a single commodity will be determined keeping the prices of other commodities _____.
a. Price, constant
b. Quantity, variable
c. Quantity, constant
d. Price, variable

vi. Fill in the blanks:
  I.   When a company grows beyond a limit, it is necessary to split it into smaller units. This is known as _____.
  II. Granting tax-concessions, tax-holidays, tax-exemptions, subsidies are all various forms of _____."
a. I- Economies of government action, II- Economies of physical factors.
b. I- Economies of Disintegration, II- Economies of information.
c. I- Economies of concentration, II- Economies of information.
d. I- Economies of disintegration, II- Economies of government action.

vii. Identify the features of long run Average Cost (LAC) curves from the following:
1. LAC curve is L shaped.
2. LAC curve is described as the planning curve of the firm.
3. LAC curve is also known as envelope curve.
4. LAC curve should always lies above the minimum point of short run Average Cost (SAC) curve.

a. 1 & 2
b. 1 & 3
c. 3 & 4
d. 2 & 3

viii "Consider the following statements:
    I.   A firm is formed, run and managed by an owner, employer or an entrepreneur who is entitled to enjoy the residual income after making payments to all productive resources in the form of rent, wages and salaries and interest.
    II.   A firm is formed, run and managed by an owner, employer or an entrepreneur who has all the rights to make changes in his organisation which he feels the best."
    State True or False:
a. I- True, II- True
b. I- False, II- False
c. I- False, II- True
d. I- True, II- False

ix. Fill in the blanks:
    I.   The _____ is determined by the interaction between demand and supply Forces.
    II.   _____ is the revenue per unit of the commodity sold.

a. I- Pricing, II- Average revenue
b. I- Demand curve ,II- Marginal revenue
c. I- Market price, II- Average revenue
d. I- Revenue, II- Total revenue

x. "Consider the following statements with respect to features of perfect competition:
    I. The market price is flexible over a period of time.
    II. The number and size distribution of buyers."
    State True or False:
a. I- True, II- False
b. I- False, II- False
c. I- True, II- True
d. I- False, II- True

Section B

SHORT ANWER QUESTIONS (5 Marks each)

[Please answer any FOUR questions on the Answer Sheet provided separately for the purpose.]

(4*5=20 Marks)

2. Define managerial economics and explain its main characteristics.

3. Discuss the various exceptions to law of demand.

4. Explain in brief various methods of forecasting demand.

5. Explain the determinants of supply.

6. Discuss profit maximising model.

7. Explain the general objectives of monetary policy.

Section C

ESSAY TYPE QUESTIONS (10 Marks each)

[Please answer **Any Three** essay type questions in a **separate page answer sheet** especially Provided for the purpose]

(10*3=30 Marks)

8. Explain in detail about demand forecasting for new products.

9. Define Revenue. Explain in brief the relationship between TR, AR and MR under perfect market conditions.

10. Discuss the practical application of Price elasticity and Income elasticity of demand.

11. Discuss any two law of returns to scale with example.