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**47 (BBA-1) MNEC (N)**

**2021**

**( Held in 2022 )**

**MANAGERIAL ECONOMICS**

Paper : BBA-HC-1036

Full Marks : 80

Time : Three hours

***The figures in the margin indicate full marks for the questions.***

1. Choose the correct answer :  $1 \times 10 = 10$

(a) The demand for normal good \_\_\_\_\_ with an increase in income of the consumer.

- (i) increases
- (ii) decreases
- (iii) remains same
- (iv) either increases or decreases

Contd.



(b) Price elasticity of demand is defined as

- (i) change in the tastes of consumers at different prices
- (ii) change in demand when income of the consumer increases
- (iii) the rate of response of demand to a change in price
- (iv) the rate of response of demand to change in price of related goods

(c) When  $AC > MC$ , then MC can

- (i) fall
- (ii) rise
- (iii) Both (i) and (ii)
- (iv) None of the above

(d) Which one of the following is not an example of substitute goods ?

- (i) Tea and Coffee
- (ii) Coke and Pepsi
- (iii) Ink pen and Ball pen
- (iv) Bread and Butter



(e) Product per unit of labour employed is termed as

- (i) average product
- (ii) marginal product

(iii) total product

(iv) None of the above

(f) Total utility is \_\_\_\_\_ at the point of satiety.

(i) minimum

(ii) maximum

(iii) zero

(iv) None of the above

(g) \_\_\_\_\_ measures the slope of indifference curve.

(i) Budget line

(ii) Marginal rate of substitution

(iii) Marginal rate of transformation

(iv) None of the above



(h) Both AP and MP curves are

- (i) U-shaped
- (ii) inverse U-shaped
- (iii) rising
- (iv) falling

(i) A firm has a variable cost of Rs.1000 at 5 units of output. If fixed cost is Rs.400, what will be the average total cost ?

- (i) Rs.280
- (ii) Rs.80
- (iii) Rs.200
- (iv) Rs.1400

(j) An isoquant

- (i) always slopes upward from left to right
- (ii) always slopes downward from left to right
- (iii) is parallel to the Y-axis
- (iv) None of the above

2. Answer in brief :  $2 \times 5 = 10$

(a) Define marginal utility.

(b) State the law of demand.



(c) Give *two* examples of variable cost of production.

(d) Write *two* properties of indifference curve.

(e) State the law of variable proportions.

3. Answer ***any four*** from the following questions : 5×4=20

(a) What are various characteristics of a perfectly competitive market ?

(b) What are the factors affecting the price elasticity of demand ?

(c) Point out the differences between returns to scale and returns to factor.

(d) Explain briefly with a suitable diagram, the law of diminishing marginal utility.

(e) The following table shows the total cost schedule of a firm :

Output (units) :	0	1	2	3	4	5	6
TC (₹) :	10	30	45	55	70	90	120

Calculate the TFC, TVC and MC schedules of the firm.



(f) Why is the short-run marginal cost curve U-shaped ?

4. Answer **any five** from the following questions :  $8 \times 5 = 40$

(a) Given, the market model as

$$Q_d = a - bP$$

$$Q_s = -c + dP$$

$$\text{and } Q_d = Q_s$$

where,  $Q_d$  = Quantity demanded

$Q_s$  = Quantity supplied

$P$  = Price

$a$ ,  $b$ ,  $c$  and  $d$  are the constants.

Find the equilibrium price ( $\bar{P}$ ) and equilibrium quantity ( $\bar{Q}$ ).

(b) What is monopoly ? Explain the derivation of equilibrium price under monopoly with the help of a suitable diagram.

(c) Explain the kinked demand curve model of oligopoly.



- (d) Explain the three stages of law of variable proportions with the help of diagram.
  - (e) Explain the derivation of consumer's equilibrium with the help of indifference curve analysis.
  - (f) What is the least cost combination of input ? Explain with the help of suitable diagram.
  - (g) Define prisoner's dilemma. Derive prisoner's dilemma with the help of a suitable example.
  - (h) Explain Hicksian substitution effect of a consumer with the help of indifference curves.
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