

513404 Seat No. _____
Second Year B. B. A. Examination
April / May – 2003
Managerial Economics

Time : 3 Hours]

[Total Marks : 70

- Instructions :** (1) All questions are **compulsory**.
(2) Figures to the **right** indicate marks.
(3) Draw **diagrams** wherever necessary.

- 1 (a) Explain the nature and scope of managerial economics. **5**
(b) What is an indifference curve ? Explain its properties. **9**

OR

- 1 (a) Distinguish between consumer's demand and producer's demand. **5**
(b) Show that Price Effect = Income Effect (+) Substitution effect. **9**

- 2 (a) What is demand forecasting ? Discuss the techniques of demand forecasting based on survey method. **9**
(b) Explain the concept of opportunity cost. **5**

OR

- 2 (a) Explain the concept of cross elasticity of demand and advertising elasticity of demand. **9**
(b) Discuss the meaning of production function with a suitable example. **5**

- 3 What is Oligopoly ? Explain price rigidity under oligopoly with the help of kinked demand curve analysis. **14**

OR

- 3 What is perfect competition ? Explain equilibrium of a firm under perfect competition. **14**

4	(a) What is Break-Even-Point ? Calculate Break-Even Point from the following data : Fixed Cost : Rs.50,000 Selling price per unit = Rs.50 Variable cost per unit = Rs.30	5
	(b) Discuss the objectives of pricing policies. Also, list out the various pricing methods.	9
OR		
4	(a) Explain the significance of capital budgetting.	5
5	Write notes on :	
	(i) Cost-plus pricing	5
	(ii) Internal rate of return	4
5	Write short notes on : (any two)	14
	(i) Selling cost	
	(ii) Income consumption curve	
	(iii) Relationship of Managerial Economics with economics	
	(iv) Money cost and Real cost	
	(v) Evils of Monopoly.	
