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Total No. of Questions : 07]

[Total No. of Pages : 02

MBA (Sem. - 1<sup>st</sup>)

MANAGERIAL ECONOMICS

SUBJECT CODE : MB - 105 (2K9)

Paper ID : [C0170]

[Note : Please fill subject code and paper ID on OMR]

Time : 03 Hours

Maximum Marks : 60

Instruction to Candidates:

- 1) Section - A is **Compulsory**.
- 2) Attempt any **Four** questions from Section - B.

**Section - A**

**Q1)**

**(10 × 2 = 20)**

- a) What are Giffen goods?
- b) Is price elasticity of demand always negative for all goods.
- c) Distinguish between Arc elasticity and point elasticity?
- d) What are opportunity costs?
- e) Distinguish between Implicit and Explicit cost.
- f) Is Sunk cost a barrier to entry?
- g) 'A commodity is a complement if cross elasticity is positive' Do you agree?
- h) What is Statutory Liquidity Ratio?
- i) What is Deficit Financing?
- j) What is Transfer Pricing?

## Section - B

(4 × 10 = 40)

- Q2)** (a) What are the problems faced in determining demand for a durable good? Illustrate with example of demand for household refrigerator or television sets.
- (b) Short run production function is given as:  $Q = 10L + 15L^2 - L^3$
- (i) At what level of output  $AP = MP$ .
  - (ii) Find  $MP$  and  $AP$  at  $L = 7$  &  $L = 9$ .
  - (iii) Find  $L$  for producing 600 units of output.
- Q3)** (a) In perfect competition  $AR = MR$  and in monopoly  $AR > MR$ .
- (b) Explain giving reason, which of the following markets depict monopolistic competition?
- (i) Druggist stores
  - (ii) Restaurants
  - (iii) Low cost pens
  - (iv) Cars.
- Q4)** (a) What are the causes of Demand-pull inflation? How can it be controlled?
- (b) Discuss the following:
- (i) Open Market operations.
  - (ii) Bank Rate.
- Q5)** (a) Explain in brief the method of measurement of national income. Mention the difficulties involved in the use of product method of measurement of national Income
- (b) What is aggregate demand? How is an aggregate demand curve derived?
- Q6)** Define investment multiplier and illustrate briefly the working of the multiplier.
- Q7)** Describe briefly the functions of monetary policy and fiscal policy. Which of these is more effective in controlling trade cycles in a developing country?

