

Section—C

(Long Answer Type Questions)

Note : Attempt any two questions. Each question carries 10 marks.

6. (a) A multiproduct firm estimates that when it starts its operations the fixed cost is expected to be ₹ 80,000 per month while the variable cost is expected to be ₹ 40,000. A firm expects to sell this output for ₹ 50,000. What is the minimum level of sales that the firm should make, if it wishes to avoid losses? 5
- (b) Explain producer's equilibrium with the help of Equal Product Curves. 5
7. (a) What do you understand by monopolistic competition? Show graphically the conditions of profit, loss and normal profit in monopolistic competition in short run. 5
- (b) The demand of a firm facing a downward sloping demand curve is $Q = 160 - 4P$. Its total cost function is $TC = 200 + Q + 0.5 Q^2$. If it is a profit maximiser, find its equilibrium output price and profit. 5
8. (a) What do you understand by 'Annuity Due'? Find the present value of annuity due of ₹ 500 p.a. for 6 years. The interest rate is 9% p.a. 5
- (b) What do you mean by Inflation? Explain the types of inflation based on inflation rate. 5
9. Distinguish between the following : 10
 - (a) Income and Cross Demand function
 - (b) Economies and Diseconomies of scale
 - (c) Degree of elasticity $e_d = 0$ and $e_d = \infty$
 - (d) 'Change in Demand' and 'Change in Supply' with suitable diagram.

BBA-501(N)

1,700

(C-105)

Roll No. 0102473

BBA-501(N)

B. B. A. (Fifth Semester)

EXAMINATION, Nov./Dec., 2018

(New Course)

Paper First

MANAGERIAL ECONOMICS

Time : Three Hours]

[Maximum Marks : 70

Note : Attempt questions from all Sections as directed.

Inst. : The candidates are required to answer only in serial order. If there are many parts of a question, answer them in continuation.

Section—A

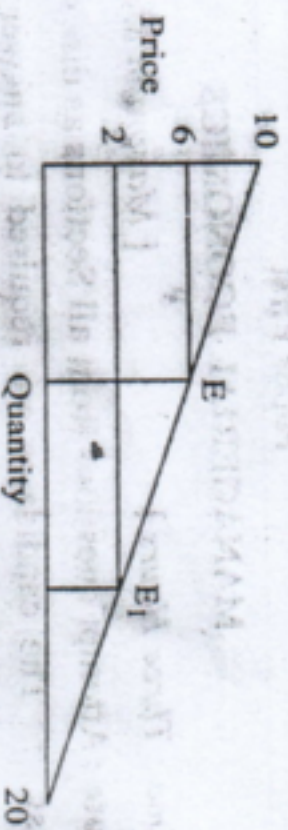
(Short Answer Type Questions)

Note : All questions are compulsory. Each question carries 3 marks.

1. (A) India's nominal GNP in 1999-2000 was ₹ 1,740.2 (P) thousand crores and real GNP in this year was ₹ 1,136.9 thousand crores. Find GNP deflator.
- (B) How is elasticity of demand dependent on slope of demand curve? Explain with suitable diagram.
- (C) How is principle of time perspective important for a business?

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- (D) What is 'Excess Supply' and 'Excess Demand' in perfect competition ?
- (E) A bank is offering 12.50 percent rate of interest per annum payable half yearly while another bank is offering interest rate of 12 percent per annum payable quarterly. Which option should be chosen ?
- (F) What do you understand by 'Economies of Scope' ?
- (G) Define the concept of 'Learning Curve'.
- (H)



Find elasticity at E and E₁.

- (I) What is 'Shut down point' ?
- (J) Write the relationship between AC and MC with the help of suitable diagram.

Section—B

(Long Answer Type Questions)

Note : Attempt any two questions. Each question carries 10 marks.

2. (a) Why long-run average cost curve is called an envelope curve ? Explain with the help of suitable diagram.

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- (b) What is meant by supply elasticity ? In a market supply curve is $-5 + 2P$, find elasticity of supply at price of ₹ 5 and ₹ 10.
3. (a) The total cost function is $TC = 192 + 4Q + 3Q^2$. 5
Find out :
(i) MC when output is 10 units.
(ii) Output when AC is minimum.
(iii) Average variable cost when $Q = 10$ units.
- (b) Define 'Equi-Marginal Principle'. How does it lead to most effective allocation of resource use ? Show with an example.
4. Differentiate between the following : 10
(a) Delphi method and Expert opinion method of demand forecasting.
(b) Isoquant Curve and Indifference Curve.
(c) Monopoly and Monopolistic Competition.
(d) Nominal Rate and Effective Rate.
5. (a) What do you understand by Internal and External Economies of Scale ? Explain its types. 5
(b) A soap manufacturer finds that if he sells his soap for ₹ 10 per unit, he gets a total revenue of ₹ 800 per day. If however, he lowers the price of his product to ₹ 8 he gets a total revenue of ₹ 1,000 per day. Find the price elasticity of his product.

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