

2016

M B A

1st Semester Examination

MANAGERIAL ECONOMICS

PAPER—MBA-102

Full Marks : 100

Time : 3 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

1. Answer any *eight* questions from the following : 8×5
- (a) Discuss the scope of managerial economics. 5
 - (b) Explain the different objectives of business firms. 5
 - (c) State the law of demand. Discuss any three exceptions to the law of demand. 2+3

(Turn Over)

- (d) What do you mean by price elasticity of demand? What are the different values of this elasticity? 3+2
- (e) How can you measure elasticity of demand on a straight line demand curve? 5
- (f) What is production function? 5
- (g) Explain Net Domestic Product (NDP) and Net National Product (NNP). 5
- (h) What is consumption function? Define marginal propensity to consume. 2+3
- (i) Explain demand pull and cost push inflation with the help of suitable diagrams. $2\frac{1}{2}+2\frac{1}{2}$
- (j) Explain the concept "price elasticity of demand". Compute the price elasticity of demand from the following example and interpret the result you arrive at.

P	D	
Rs.	Unit	
150	30	
125	40	3+2

- (k) Distinguish between the law of variable proportion and the laws of return to scale. 5
- (l) Explain 'inflationary gap'. Explain your answer graphically. 5

2. Answer any *four* questions from the following : 4×10

- (a) Define total product, average product and marginal product in the context of Law of Variable proportion. 10
- (b) Determine the equilibrium condition of a producer when the objective of the firm is
- (i) to maximize output subject to cost constraint and
- (ii) to minimise cost subject to output constraint. 10
- (c) Define cost function. Distinguish between average variable cost and average fixed cost. What is marginal cost? 2+5+3
- (d) What are the different methods of measuring national income? Explain the expenditure method of measuring national income. 3+7

- (e) Show with the help of a suitable diagram, how the equilibrium output in a keynesian 2-sector model will be affected if
- (i) government increases its expenditure and
 - (ii) household consumption increases. 5+5
- (f) What do you mean by the concept "investment multiplier"? Explain how it can be related with the marginal propensity to consume. Find the values of the multiplier when
- (i) $MPC = 1$,
 - (ii) $MPC = 0$ and
 - (iii) $MPC = 0.5$. 2+4+4

[Internal Assessment : 10 Marks]
