FIRST SEMESTER B.Com./B.B.A. DEGREE EXAMINATION NOVEMBER 2020

(CUCBCSS)

B.Com.

BCM 1C 01—MANAGERIAL ECONOMICS

(2014 Admissions)

Time : Three Hours   Maximum : 80 Marks

Part A

Answer all questions.
Each question carries 1 mark.

1. Demand is determined by :

    a) Price of the product.   b) Relative prices of other goods.

    c) Tastes and habits.   d) All of the above.

2. Other things being equal, an increase in supply can be caused by :

    a) A rise in the income of the consumer.

    b) An improvement in the techniques of production.

    c) A rise in the price of the commodity.

    d) An increase in the income of the seller.

3. The Law of Diminishing Returns depends on the assumption that :

    a) Land is the factor kept constant.

    b) The state of technology is unchanged.

    c) Total output is constant.

    d) Average output declines faster than marginal output.

4. The cost recorded in the books of accounts are considered as :

    a) Total cost.   b) Marginal cost.

    c) Average cost.   d) Explicit cost.

Turn over

5. Out of the four, which is not a micro variable ?

    a) Demand.

    b) Supply.

    c) Cost

    d) Inflation.

6. Oligopoly is a type of ——————— market. A ——————— exists in the industry.

    a) Perfect, few firms.

    b) Imperfect, few firms.

    c) Perfect, many firms.

    d) Imperfect, many firms.

7. The primary inducement for new firms to enter an industry is ———————.

    a) Increased technology.

    b) Availability of labor.

    c) Low capital cost.

    d) Presence of economic profits.

8. The difference between marginal benefits and marginal costs are the ———————.

    a) Profits.

    b) Marginal net benefits.

    c) Opportunity cost.

    d) Accounting cost.

9. Who is considered as the father of Business Economics ?

    a) Alfred Marshall.

    b) Joel Dean.

    c) Adam Smith.

    d) Robbins.

10. All inputs become variable in the ———————.

    a) Long run.

    b) Short run.

    c) (a) and (b).

    d) None of these.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

Answer any **eight** *questions.*
Each question carries 2 marks.

11. *Limitless wants and limited means*—Comment.

12. Define Managerial Economics.

13. What are the assumptions of Law of Demand ?

14. Discuss the concept of *Giffen* goods.

15. What is meant by demand function ?

16. Write down the differences between demand estimation and demand forecasting.

17. What is Isoquant curve ?

18. What is meant by out-of-pocket cost ?

19. What is a kinked demand curve ?

20. What is meant by psychological pricing ?

(8 × 2 = 16 marks)

Part C (Short Essays)

Answer any **six** *questions.*
Each question carries 4 marks.

21. Discuss the determinants of market demand.

22. What are production function and its assumptions ?

23. Why is a firm under perfect competition a price-taker and not a price-maker ?

24. Write a short note on imperfect competition.

25. Briefly explain reasons behind downward slope of demand curve.

26. Briefly discuss about various external economies.

27. Briefly discuss about various methods of pricing.

28. What are different survey methods in demand forecasting ?

(6 × 4 = 24 marks)

Part D (Long Essays)

Answer any **two** *questions.*
Each question carries 15 marks.

29. Distinguish between laws of returns to variable proportions and laws of returns to scale. Explain the causes of increasing returns to scale.

30. Explain the causes and phases of business cycle.

31. What are the factors which influence pricing of new products ? Explain different pricing strategies for new products ? Discuss the suitability of each strategy.

(2 × 15 = 30 marks)