financing. The government further pledged to hire 1,00,000 unskilled workers and 60,000 unemployed workers in 2020."

Based on the above case extract of Sri Lanka you are required to -

(a) Present the early signals of crisis in Sri Lanka.

(b) Mention the major causes of crisis

(c) Policy lessons from the crisis and

(d) The way forward for Sri Lanka

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PG Odd Semester (CBCS) Exam. December, 2022

Business Administration

(1st Semester)

Course No: CP-102 (N)

(Managerial Economics)

Full Marks: 70

Pass Marks : 28

Time: 3 hours

The figures in the right margin indicate full marks for the question.

1. (a) What is marginal analysis? Explain the rationale for such an analysis in business. 3+4

   (b) Mention the differences and interdependence between Micro and Macro economics. 4+3

Or

2. (a) What is GDP at market price (GDP_{MP})? How can we obtain GNP_{MP} from GDP_{MP}? 3+2

   (b) What is not factor income from abroad? 2

   (c) Calculate GDP_{MP} from the given data- 7

	₹
Compensation of Employee -	7000
Rent on land	600
Royalty	900
Dividends	3,000
Undistributed Profit	1,200
Interest	700

Turn Over

Mixed Income of self employed	2,400
Net Indirect Taxes	150
Consumption of fixed assets	200
Net factor income from abroad	400

3. (a) Mention the conditions of consumer's equilibrium under indifference curve approach with a graphical representation. 4

(b) Derive $MRS_{XY} = \frac{\Delta Y}{\Delta X} = \frac{MU_x}{MU_Y}$ 3

(c) What is compensating variation? 3

(d) Explain the assumptions of transitivity and consistency under ordinal utility theory. 2+2

Or

4. (a) From the following data on actual sales, calculate the forecasted values using smoothing constant $\alpha = 0.10$. Also calculate the RMSE. 8

Month	Sales Crores`
Jan	42
Feb	40
March	43
April	40
May	41
June	39
July	46
Aug.	44
Sept.	45
Octo.	38
Nov.	40
Dec	

(b) Explain Delphi method of Demand Forecasting. 6

5. (a) Define Production Function. 2

(b) Explain the short-run relationship between total product, marginal product and average product. 8

(c) Which is the rational stage of production in the short run? Why? 4

Or

6. (a) What is a plant curve? Why it is U-shaped? 4

(b) Prove that the slope of ISO-cost line is equal to the price ratio of the factors. 3

(c) Draw a Ridge-Line and indicate the feasible point of operation. 3

(d) State the relationship between marginal cost and average cost in the short-run. 4

7. (a) What is a Pure and Perfectly competitive market? 4

(b) "A firm in a perfectly competitive market cannot make supernormal profits in long run". Comment on this statement and subsentiate with appropriate figures. 10

8. "Sri Lankan economic crisis, which began in 2019, worsened in 2022. The country was designated as a lower middle-income country in 1997 and on upper middle income country in July 2019, but has again been downgraded to lower middle-income in 2020. The economic policy has not been structured to induce adequate domestic private investment or foreign direct investment. The growth is primarily fuelled through external debt which is with high cost. International sovereign Bonds are infused in the country as a major source of