PG Odd Semester (CBCS) Exam., December—2018

BUSINESS ADMINISTRATION

(1st Semester)

Course No. : MBACC–102

(Managerial Economics)

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. *(a)* Distinguish between demand shift and demand change. What factors generally lead to a demand change? Explain with appropriate figure(s). 4+4=8

(b) Will supply curve shift to the right or to the left, if *(i)* technology improves or *(ii)* input prices increase? What happen, if both *(i)* and *(ii)* occur together? 6

2. *(a)* The utility approach to consumer demand theory is based on the assumption of cardinal utility, while the indifference curve approach is based on ordinal utility. Which approach is better? Why? 8

(b) "An individual demand and market demand both are elastic." Which one is more elastic? Why? Is this always true? Explain. 6

3. Define production function. Explain the behaviour of the total product, marginal product, average product curve in short-run production function. 14

OR

4. *(a)* Distinguish between the following terms : 6

(i) Explicit cost and Implicit cost

(ii) Private cost and Social cost

(iii) Historical cost and Book cost

(b) Plot the total fixed cost (TFC) curve, total variable cost (TVC) curve, total cost (TC) curve given in the following table :

Quantity of output	*Total variable cost* (in ₹)	*Total cost* (in ₹)
0	0	30
1	20	50
2	30	60
3	48	78
4	90	120
5	170	200

Also, explain the reason for the shape of cost curves drawn from above. 8

5. (a) What is 'monopoly market'? What forces limit the monopolist's market power in the real world? 6

(b) Why would a never operate in the inelastic range of its demand curve? Give reasons. 4

(c) Under what condition would a multiplant monopolist keep some of his plants idle? 4

OR

6. Explain the concept of 'monoposlistic competition'. How does a monopolist take price and output decision to stay in the market?

6+8=14

7. What is inflation? What are the causes of inflation? Why does a manager get much concerned about the inflationary and deflationary situations? Explain. 2+6+6=14

OR

8. What is Balance of Trade (BOT)? State the possible reasons for situation of disequilibrium balance of trade. As a manager, how would you react to the situation of disequilibrium balance of trade for your company? 2+6+6=14

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