

**Bachelor of Business Administration
Annual Examinations – 2006**

**Paper BBAD – 202
Managerial Economics**

Time allowed: Three hours

Maximum Marks: 100

SECTION – I

Marks

Q1. Fill in the blanks

1X20=20

Attempt all questions. All questions carry equal marks.

- i) Managerial Economics is concerned with _____.
- ii) The marginal utility declines as _____.
- iii) An indifference curve of a consumer represents _____.
- iv) Production refers to the transformation of _____.
- v) Isoquants are geometrical representation of _____.
- vi) Out of pocket costs are those that involve _____.
- vii) The long run is a period of _____.
- viii) Firm is said to be in equilibrium when _____.
- ix) Perfect competition is a market structure characterized by _____.
- x) Price discrimination occurs when _____.
- xi) Bundling is the practice of selling _____.
- xii) Cost benefit analysis is an extension of _____.
- xiii) Capital budgeting is concerned with _____.
- xiv) Baumal's alternative theory suggests that firms _____.
- xv) Advertising is a tool for _____.
- xvi) The consumer surplus is a concept introduced by _____.
- xvii) Utility is the _____.
- xviii) In Williamson's model, managers are free to _____.
- xix) Cost benefit analysis is an extension of _____.
- xx) The short – run cost output relationship refers _____.

SECTION – II

Answer any six of the following questions in about 75-100 words each. Each question carries five marks.

5X6=30

Q1. Briefly discuss the role of the managerial economist.

Q2. Define opportunity cost and scarcity. What role do these two concepts play in the making of managerial decisions?

Q3. What is demand forecasting? Why is it important for any firm?

Q4. Briefly describe economies of scale and economies of scope. What is the difference between the two?

Q5. Discuss the criteria on the basis of which markets can be classified.

Q6. Discuss government's control on pricing. Is it useful for the industry? Explain.

Q7. Explain the concepts of certainty, risk and uncertainty.

Q8. What is the importance of advertising in a modern firm?

SECTION – III

Attempt any five of the following questions in about 300-400 words each. Each question carries ten marks. 5X10=50

Q1. Discuss the fundamental nature and basic characteristics of managerial economics. Also, explain the subject matter and scope of managerial economics.

Q2. "Managerial economics is the integration of economic theory with business practice for the purpose of facilitating decision – making and forward planning by managers." Explain and comment.

Q3. Explain the concept of demand in detail. What are the various types of demand? What are the factors determine elasticity of demand?

Q4. Explain future and past costs; explicit and implicit costs; fixed and variable costs; short – run and long – run costs, with examples.

Q5. What do you mean by market structure? Explain barriers to entry. What strategic behaviour could managers adopt for barriers to entry?

Q6. Discuss the various pricing methods in practice.

Q7. Underline the concept of a firm. What are the major objectives of a firm? How do firm's constraints affect decision – making?

Q8. Explain the methods used for setting advertising budgets.