

**MP-102**

June - Examination 2016

**Master of Business Administration - I Year Examination****Managerial Economics****Paper - MP-102****Time : 3 Hours ]****[ Max. Marks :- 80**

**Note:** The question paper is divided into three sections A, B and C. Write answer as per the given instructions.

**Section - A****8 × 2 = 16**

(Very Short Answer Questions)

**Note:** Attempt **all** the questions within 30 words of each.

- 1) (i) How is economics helpful in formulation of economic policy.
- (ii) Law of demand is qualitative statement, not quantitative statement, how?
- (iii) Discuss the main difference in the law of Increasing and Diminishing Returns.
- (iv) Distinguish in Explicit costs and Real cost.
- (v) Is monopoly price always higher?
- (vi) Profit can be negative. How?
- (vii) Does an increase in national income always lead to common welfare?
- (viii) How can economic growth be measured?

**Section - B****4 × 8 = 32**

(Short Answer Questions)

**Note:** Attempt **any four** questions within 200 words of each.

- 2) Can the demand of a commodity rise with an increase in its price? Explain.
- 3) What are the different methods of demand forecasting?
- 4) Elasticity of demand also depends on price of commodity. How?
- 5) Explain the behavioural theory of the firm. How does it differ from traditional theory?
- 6) Define the market. What are different market structures? Explain them.
- 7) Describe the problems of balance of payments.
- 8) What are the reasons for increasing and decreasing returns to scale? Explain.
- 9) Under perfect competition, the state of the firm is determined by the amount of production. Explain.

**Section - C****2 × 16 = 32**

(Long Answer Questions)

**Note:** Attempt **any two** questions within 500 words for each.

10) Explain the following:

(i) Law of increasing returns.

(ii) Types of inflation.

11) Explain the equilibrium of firm and industry under perfect competition.

12) How price is determined in short term under monopolistic competition?

13) Explain the behavioural theory of the firm. How does it differ from traditional theory.

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