

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2018-20)
PGDM Trimester I Examination September 2018

Subject	Managerial Economics Set I		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	28.09.2018

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

: A: Answer the following questions. (One mark each)

- 1) A cost which continues even when there is no production is ----- . (fixed cost, variable cost, marginal cost)
- 2) The Welfare definition of Economics is given by ----- . (Adam Smith, Joel Dean, Dr. Marshall)
- 3) Monopoly firm normally follow price discrimination. (True or false)
- 4) Essential commodities normally have elastic demand. (True or False)
- 5) Car manufacturers are operating in monopoly market. (True or False)
- 6) When elasticity is infinity demand curve is ----- . (horizontal, vertical, downward sloping)
- 7) When total product is highest marginal product is ----- . (zero, one, cannot be calculated)
- 8) Profit is always positive. (True or False)
- 9) At breakeven ----- is equal to ----- .
- 10) Demand does not mean desire. (True or False)

: B: Answer any two of the following. (2.5 marks each)

- 1) Price of the product was Rs.20 at which demand was 240 units. Company reduce price to Rs.16 in order to increase sale and it increased to 400 units. Calculate the price elasticity of demand.
- 2) Distinguish between Micro and Macro Economics.
- 3) What is Managerial Economics?

: C: Profit maximization has become secondary objective of a firm in modern business environment. Discuss (Five marks)

Or

Discuss any four types of demand with suitable examples.

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

Answer any two of the following questions. (Five marks each)

- a) Assume that you are working as the Manager of durable consumer goods Industry. Identify any five factors influencing demand for their products.
- b) Why a Manager should study Managerial Economics?
- c) State the law of demand. You are working in Marketing Department of the company. When will you reduce the price of your product?

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What is Giffen goods? Give examples.
- b) The law of supply always holds true. Discuss
- c) What is skimming pricing?

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What is cost? Explain any two types with the help of suitable graph.
- b) What is Monopoly? Is it good for the consumer? Why?

c) What is elasticity of demand? What is its use to marketing Manager?

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What is total production, Average production and marginal production?
- b) What is increasing returns to scale? Why firms experience it?
- c) Find the values of 'a' and 'b' and estimate the demand function for the following data.

Price	Quantity
30	200
36	180
38	170
28	220
26	240
38	180
32	210
28	200

Q6) Answer Any one. 10 Marks

- a) When will you say that market is perfectly competitive? Explain the Equilibrium of firm and Industry in Competitive market
- b) Assume that you are working as a Manager in a company manufacturing consumer goods product for masses. Which pricing practice you will recommend? Why? (Ten marks)

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What is demand forecasting? Why is it essential? Explain any two methods of demand forecasting.
- b) What is supply? Explain the law of supply. What are the assumptions of the Law?
- c) What is oligopoly? Explain the Kinky demand curve.