Second Year B. B. A. Examination
April / May – 2003
Managerial Economics

Time : 3 Hours]
[Total Marks : 70

Instructions : (1) All questions are compulsory.
(2) Figures to the right indicate marks.
(3) Draw diagrams wherever necessary.

1 (a) Explain the nature and scope of managerial economics. 5

(b) What is an indifference curve? Explain its properties. 9

OR

1 (a) Distinguish between consumer's demand and producer's demand. 5

(b) Show that Price Effect = Income Effect (+) Substitution effect. 9

2 (a) What is demand forecasting? Discuss the techniques of demand forecasting based on survey method. 9

(b) Explain the concept of opportunity cost. 5

OR

2 (a) Explain the concept of cross elasticity of demand and advertising elasticity of demand. 9

(b) Discuss the meaning of production function with a suitable example. 5

3 What is Oligopoly? Explain price rigidity under oligopoly with the help of kinked demand curve analysis. 14

OR

3 What is perfect competition? Explain equilibrium of a firm under perfect competition. 14

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4 (a) What is Break-Even-Point? Calculate Break-Even Point from the following data:
   Fixed Cost: Rs. 50,000
   Selling price per unit = Rs. 50
   Variable cost per unit = Rs. 30

(b) Discuss the objectives of pricing policies. Also, list out the various pricing methods.

OR

4 (a) Explain the significance of capital budgeting.

5 Write notes on:
   (i) Cost–plus pricing
   (ii) Internal rate of return

5 Write short notes on: (any two)
   (i) Selling cost
   (ii) Income consumption curve
   (iii) Relationship of Managerial Economics with economics
   (iv) Money cost and Real cost
   (v) Evils of Monopoly.