

Term End Examination – June, 2017
Program Title: Diploma in Management
Course Title: Managerial Economics
Course Code: DIM-3
(Session 2015-16)

Time - 3 hours

Full Mark - 100

Answer any four questions from Group - 'A', any two questions from Group 'B' and any three questions from Group - 'C'.

Group-'A'

(Answer any four questions each within 100 words)

Q. No 1

Mark: 5X4=20

- a) What is Managerial Economics?
- b) Explain the scope of managerial economics.
- c) Why does a demand curve slope downwards to the right?
- d) Distinguish between demand for normal goods and demand for inferior goods.
- e) What is production function?
- f) Distinguish between –
 - i) Primary cost and supplementary cost.
 - ii) Real cost and opportunity cost.
- g) How is managerial revenue related to average revenue?

Group-'B'

(Answer any two questions each within 250 words)

Q. No 2

Mark: 10X2=20

- a) State the techniques / methods of managerial economics.
- b) Explain the use of elasticity in managerial decisions.
- c) Trace the relationship between price, total, average and managerial revenue of a competitive firm.
- d) Define the concept of opportunity cost. How is it relevant for managerial decisions?
- e) Discuss the various determinants of demand.

Group-'C'

(Answer any three questions each within 500 words)

Marks 20X3=60

Q. No. 3 State and explain Law of Demand. What are the exceptions to this rule?

Q. No. 4 What factors cause increasing returns to scale? What are the reasons for diminishing returns to scale?

Q. No. 5 Explain the relationship between average revenue and managerial revenue curves under perfect competition and monopoly.

Q. No. 6 Explain the concept of income elasticity and cross elasticity of demand. How do you measure these?

Q. No. 7 How does a study of managerial economics help a business manager in decision-making?

Q. No. 8 Critically examine how does managerial economics help you to arrive at a business decision with examples.