

**MANAGERIAL ECONOMICS**  
**(CSBS 2205)**

**Time Allotted : 3 hrs**

**Full Marks : 70**

*Figures out of the right margin indicate full marks.*

*Candidates are required to answer Group A and any 5 (five) from Group B to E, taking at least one from each group.*

*Candidates are required to give answer in their own words as far as practicable.*

**Group – A**  
**(Multiple Choice Type Questions)**

1. Choose the correct alternative for the following: **10 × 1 = 10**
- (i) Monopoly is based on  
(a) demand control (b) control of supply  
(c) population control (d) control the price level.
- (ii) In Economic terms Globalisation is the process of rapid \_\_\_\_\_ between countries.  
(a) Integration (b) Competition  
(c) Investment (d) Change
- (iii) Change in the demand of smart phones due to increase in its price is  
(a) increase of its demand (b) decrease of its demand  
(c) contraction of its demand (d) none of the above.
- (iv) Among normal cost curves, which one of the following curve does not have a minimum point?  
(a) AVC (b) AC  
(c) MC (d) AFC.
- (v) A situation where the aggregate expenditure of the government exceeds its aggregate revenue is called  
(a) default revenue (b) budget deficit  
(c) default financing (d) none of the above.
- (vi) The primary purpose of Monetary Policy of RBI is to maintain  
(a) Wealth level (b) Foreign Exchange Rate  
(c) Economic Growth (d) Growth with Price Stability.
- (vii) The Industrial policy resolution of India was passed first in  
(a) 1947 (b) 1956  
(c) 1931 (d) 1999.

- (viii) Liberalization means  
(a) free determination of interest rates  
(b) liberating the industry, trade and economy from unwanted restrictions  
(c) opening up of economy to the world by attaining international competitiveness  
(d) reducing number of reserved industries from 17 to 8.
- (ix) Which one is not the main objective of Fiscal Policy in India?  
(a) To promote employment opportunities.  
(b) To minimize the inequalities of income and wealth  
(c) To promote price stability  
(d) To increase liquidity in economy.
- (x) Which of the following is the outcome of the globalisation of a country's economy?  
(a) Outsourcing (b) Privatisation  
(c) Liberalisation (d) None of the above.

### Group- B

2. (a) What is elasticity of demand and what are the different types of elasticity of demand? *[[CO4] (Remember/LOCQ)]*  
(b) What are the major determinants of demand? *[[CO2] (Understand/LOCQ)]*  
(c) Suppose  $P = 50 - 2Q$ . Calculate price elasticity of demand when  $P = 30$ . *[[CO1] (Analyze/IOCQ)]*  
**4 + 4 + 4 = 12**
3. (a) What is indifference curve? Explain two features of indifference curve. *[[CO2] (Remember/LOCQ)]*  
(b) Prove that Price Effect = Income Effect + Substitution Effect. *[[CO3] (Understand/LOCQ)]*  
(c) Discuss consumer's equilibrium with the help of indifference curve and budget line. *[[CO4] (Analyze/IOCQ)]*  
**3 + 5 + 4 = 12**

### Group - C

4. (a) What is law of variable proportion? Discuss three stages of production with the help of TP, AP and MP schedules. *[[CO4] (Analyze/IOCQ)]*  
(b) Let the cost function be  
$$TC = 300 + 50Q - 10Q^2 + Q^3$$
  
(i) Find out the values of TFC, TVC, AVC, AC and MC.  
(ii) Show that MC curve cuts the AVC at its lowest point. *[[CO3] (Analyze/IOCQ)]*  
**(1 + 3) + (4 + 4) = 12**
5. (a) What are the main features of Perfectly Competitive Market ? *[[CO4] (Understand/LOCQ)]*

- (b) Do you think that the short run supply curve of a firm under perfectly competitive market is the Marginal Cost (MC) curve? *[[CO2](Understand/IOCQ)]*
- (c) Point out the essential behavioural differences between perfect competition and monopolistic competition. *[[CO1](Analyze/LOCQ)]*
- 2 + 5 + 5 = 12**

**Group - D**

6. (a) Differentiate Monetary Policy and Fiscal Policy. *[[CO4] (Analyze/IOCQ)]*  
(b) Identify and explain three tools of monetary policy. *[[CO2] (Remember/LOCQ)]*  
(c) Discuss recent changes in monetary and fiscal policy of India. *[[CO6]( Analyze/HOCQ)]*
- 3 + 4 + 5 = 12**
7. (a) What are the different sources of tax revenue of the Union Government. *[[CO1] (Remember/LOCQ)]*  
(b) What are the main features of India's tax system? *[[CO4] (Analyze/IOCQ)]*  
(c) Write a brief review of the report of the Tax Reform Committee of India of 1991. *[[CO6]( Evaluate/HOCQ)]*
- 2 + 5 + 5 = 12**

**Group - E**

8. (a) In which year New Economic Policy was introduced? List three objectives of the policy. *[[CO4] (Remember/LOCQ)]*  
(b) What is the difference between liberalisation and globalisation? *[[CO5] (Analyze/IOCQ)]*  
(c) How Indian economy was positively affected by NEP, 1991? *[[CO6](Evaluate/HOCQ)]*
- 3 + 3 + 6 = 12**
9. (a) What was the main aim of MRTP Act, 1969? *[[CO5] (Remember/LOCQ)]*  
(b) Discuss the scope and applicability of MRTP Act, 1969. *[[CO6] (Analyze/IOCQ)]*  
(c) What were the subsequent amendments of MRTP Act 1969 and why? *[[CO6]( Evaluate/HOCQ)]*
- 2 + 4 + 6 = 12**

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<i>Cognition Level</i>	<i>LOCQ</i>	<i>IOCQ</i>	<i>HOCQ</i>
<i>Percentage distribution</i>	<i>35.42</i>	<i>41.67</i>	<i>22.91</i>

**Course Outcome (CO):**

After the completion of the course students will be able to

CSBS2205.1. Appreciate the foundational concepts of managerial economics.

CSBS2205.2. Develop a microeconomic approach to business decisions.

CSBS2205.3. Arrive at decisions by applying concepts of microeconomics.

CSBS2205.4. Apply the tools of managerial economics and find solutions to the complex problems of production processes.

CSBS2205.5. Co-relate concepts and theories of microeconomics and macroeconomics.

CSBS2205.6. Decide and choose options aimed at furthering the goals of the organization.

*\*LOCQ: Lower Order Cognitive Question; IOCQ: Intermediate Order Cognitive Question; HOCQ: Higher Order Cognitive Question.*