

**MANAGERIAL ECONOMICS
(CSBS 2205)**

Time Allotted : 2½ hrs

Full Marks : 60

Figures out of the right margin indicate full marks.

Candidates are required to answer Group A and any4 (four) from Group B to E, taking one from each group.

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

Group – A

1. Answer any twelve:

12 × 1 = 12

Choose the correct alternative for the following

- (i) The most fundamental economic problem is
(a) Security
(b) European countries buy more goods from foreigners than supply to foreigners
(c) Health
(d) Scarcity.
- (ii) When the demand and supply curve intersect each other, _ is determined
(a) Equilibrium price (b) Aggregate demand
(c) Producer's satisfaction (d) Consumer satisfaction
- (iii) If the total return increases at a diminishing rate, the marginal return
(a) increases (b) decreases
(c) remains constant (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) One of the essential condition of 'Perfect Competition' is
(a) product differentiation
(b) multiplicity of prices for identical products of at a point of time
(c) many sellers and a few buyers
(d) same price for same goods at a point of time.
- (vi) The primary purpose of Monetary Policy of RBI is to maintain
(a) Wealth (b) Exchange Rate
(c) Growth (d) Price Stability.
- (vii) What would be the growth rate of India in the financial year (2021-22) as per SBI research?
(a) 5.4% (b) 7.4% (c) 10.4% (d) 11.4%.

- (viii) What were the reasons for introducing Economic Reforms of 1991?
 (a) The Gulf War (b) The negative Balance of Payments
 (c) Increase in fiscal deficit (d) All of the above.
- (ix) Who is the largest trading partner of India?
 (a) USA (b) China (c) England (d) United Arab Emirates.
- (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.

Fill in the blanks with the correct word

- (xi) If there is a shortage of a product there is too much _____ and not enough supply of the product.
- (xii) _____ curve is not U-shaped.
- (xiii) Cross-elasticity of demand between pen and ink is _____.
- (xiv) Duopoly is a case of _____.
- (xv) In case of Giffen Good the demand curve is _____ Sloped.

Group - B

2. (a) Define Managerial Economics? Differentiate between managerial economics & Economics. [[CO1](Remember/LOCQ)]
- (b) How is microeconomic theory employed by business managers while making their business decisions? [[CO1](Understand/LOCQ)]
- (c) Differentiate between profit maximisation and sales maximisation with two live examples. [[CO2](Analyze/IOCQ)]
- 3 + 4 + 5 = 12**
3. (a) What is elasticity of demand? What are the determinants of elasticity of demand? [[CO4](Remember/LOCQ)]
- (b) What is the difference between change in quantity demanded and change in demand? [[CO4](Understand/LOCQ)]
- (c) Prove that, Price Effect = Income Effect + Substitution Effect. [[CO5](Analyze/IOCQ)]
- 3 + 3 + 6 = 12**

Group - C

4. (a) Write a short note on Shut-down point and explain the point with a real time case with numbers. [[CO4](understand/IOCQ)]
- (b) Let the cost function be
 $TC = 300 + 50Q - 10Q^2 + Q^3$
 (i) Find out the values of TFC, TVC, AVC, AC & MC

(ii) Show that MC curve cuts the AVC at its lowest point.

[[CO4/CO3](Understand/IOCQ)]

(2 + 2) + (4 + 4) = 12

5. (a) How many possible market structures are there? List and give example of each type of market structure. [[CO2](Understand/LOCQ)]
(b) What is the difference between monopoly & monopolistic market structure? Discuss with example. [[CO2](Understand/LOCQ)]
(c) Do you think that the MC curve is the supply curve under perfectly competitive market- discuss with logic. [[CO4](Analyze/IOCQ)]

4 + 3 + 5 = 12

Group - D

6. (a) Differentiate Monetary Policy & Fiscal Policy. [[CO4](Remember/LOCQ)]
(b) Identify and explain three tools of monetary policy. [[CO2](Remember/LOCQ)]
(c) Discuss recent changes in monetary & fiscal policy during last three years. [[CO1](Analyze/IOCQ)]

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](Understand,Anbalyse/IOCQ/LOCQ)]
(c) Write a brief review of the report of the Tax Reform Committee of India of 1991. [[CO6](Analyze/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](Understand/IOCQ)]
(c) How Indian Economy was positively affected by NEP, 1991? [[CO6](Analyze/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](Understand/LOCQ)]
(c) What were the subsequent amendments of MRTP Act 1969 and why? [[CO6](Analyze/IOCQ)]

2 + 4 + 6 = 12

| Cognition Level | LOCQ | IOCQ | HOCQ |
|-------------------------|-------|-------|-------|
| Percentage distribution | 44.79 | 43.75 | 11.46 |

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.*