

MANAGERIAL ECONOMICS
(CBS2205)

Time Allotted : 2½ hrs

Full Marks : 60

Figures out of the right margin indicate full marks.

*Candidates are required to answer Group A and
any 4 (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) If the demand function is $Q_d = 50 - 2P$, what is the quantity demanded when the price is 10?
(a) 50 (b) 30 (c) 10 (d) 0
- (ii) Which of the following is NOT a determinant of demand?
(a) Price of the good (b) Consumer income
(c) Cost of production (d) Consumer tastes and preferences
- (iii) All such demand curves where quantity demanded is totally unresponsive to changes in price are called
(a) Elastic (b) Inelastic
(c) Perfectly Elastic (d) Perfectly Inelastic
- (iv) The general form of the production function is:
(a) $Q = f(L, K, T)$ (b) $Q = f(P, Y, T)$
(c) $TR = P \times Q$ (d) $TC = FC + VC$
- (v) The marginal cost (MC) is the:
(a) Total cost divided by output
(b) Change in total cost due to a one-unit change in output
(c) Difference between total revenue and total cost
(d) Cost of producing all units of output
- (vi) Government spending on infrastructure, education, and healthcare is classified as:
(a) Revenue expenditure (b) Capital expenditure
(c) Non-development expenditure (d) Transfer payments
- (vii) The percentage of deposits banks must keep with the RBI is called _____.
(a) Open Market Operations (OMO) (b) Repo Rate (RR)
(c) Statutory Liquidity Ratio (SLR) (d) Cash Reserve Ratio (CRR)

- (viii) A capital account surplus occurs when:
 (a) The country is investing more abroad than it receives from foreign investments
 (b) The inflow of foreign capital exceeds the outflow
 (c) The current account balance is positive
 (d) The fiscal deficit is increasing
- (ix) Which of the following is NOT included in the current account?
 (a) Trade balance (exports and imports of goods)
 (b) Services trade (IT, tourism, financial services)
 (c) Foreign direct investment (FDI)
 (d) Net income from abroad (remittances, interest, dividends)
- (x) _____ refers to the excess of the government's total expenditure over its total receipts, excluding borrowings, during a given financial year.
 (a) Deficit Financing (b) Fiscal deficit
 (c) Balance of Payment (d) Balance of Trade

Fill in the blanks with the correct word

- (xi) A perfectly complementary good will have an indifference curve in the shape of a _____.
- (xii) When consumer income increases, the demand for normal goods _____, while the demand for inferior goods _____.
- (xiii) Monopolistic competition is a market structure in which many firms sell products that are _____, but not identical.
- (xiv) Margin of safety is the excess of sales over the _____ sales.
- (xv) The rate at which the RBI lends money to commercial banks is called _____.

Group - B

2. (a) Define Cross elasticity. [[CO1](Remember/LOCQ)]
 (b) Discuss the elasticity in the case of Substitute, Complimentary and Unrelated commodities. [[CO2](Remember/LOCQ)]
4 + 8 = 12
3. (a) How Law of Equi-Marginal Utility is different from the Law of Diminishing Marginal Utility? [[CO3](Understand/LOCQ)]
 (b) Explain the above with the help of a numerical example. [[CO1] (Apply/IOCQ)]
6 + 6 = 12

Group - C

4. (a) Explain production function. [[CO1](Remember/LOCQ)]
 (b) Explain the concepts of total production, average production and marginal production with the help of a diagram. [[CO2](Analyze/IOCQ)]
2 + 10 = 12

5. The total cost function of a firm is $TC=100+60Q-10Q^2$, where

Q=output. Find out

(i) Average Fixed Cost

(ii) Average variable cost

(iii) Average cost if $Q=5$

[[CO4](Apply/IOCQ)]

(4 + 4 + 4) = 12

Group - D

6. (a) Explain the differences between expansionary and contractionary monetary policy.

[[CO1](Remember/LOCQ)]

(b) Under what economic conditions should each be used?

[[CO6](Apply/IOCQ)]

6 + 6 = 12

7. (a) What are the key instruments of fiscal policy?

[[CO1](Remember/LOCQ)]

(b) Discuss the role of taxation, government spending, and public debt in managing the economy.

[[CO2](Understand/LOCQ)]

4 + 8 = 12

Group - E

8. (a) Explain the role of the Foreign Exchange Management Act (FEMA) in regulating foreign exchange transactions in India.

[[CO1](Remember/LOCQ)]

(b) How does it differ from the previous FERA (Foreign Exchange Regulation Act)?

[[CO3](Understand/LOCQ)]

6 + 6 = 12

9. (a) What do you mean by Balance of Payment (BOP). Discuss its importance in today's economy.

[[CO5](Remember/IOCQ)]

(b) Explain the various components of BOP?

[[CO6](Remember/IOCQ)]

(3 + 3) + 6 = 12

Cognition Level	LOCQ	IOCQ	HOCQ
Percentage distribution	52.08	47.92	0

