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Reg. No. : .....

**Code No. : 5791**

**Sub. Code : WBAM 15/  
VBAC 15**

M.B.A. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2024.

First Semester

Business Administration — Core

**MANAGERIAL ECONOMICS**

(For those who joined in July 2023 onwards)

Time : Three hours

Maximum : 75 marks

**PART A — (15 × 1 = 15 marks)**

Answer ALL questions.

Choose the correct answer :

1. The prime function of a management executive in a business organization is
- (a) Planning
  - (b) Decision making
  - (c) Profit forecasting
  - (d) Capital management

2. \_\_\_\_\_ is the addition to the total revenue per unit of output change.

- (a) Marginal Revenue
- (b) Marginal Cost
- (c) Incremental Revenue
- (d) Opportunity Cost

3. The principle that helps the Manager for the allocation of limited resources in a rational manner is

- (a) Opportunity Cost
- (b) Equi-Marginal
- (c) Discounting
- (d) Incremental

4. A demand curve which is horizontal and parallel to X axis represents \_\_\_\_\_ demand.

- (a) relatively elastic
- (b) relatively inelastic
- (c) unitary elastic
- (d) infinitely elastic

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5. The consumer will be in equilibrium, when
- $MU_x = P_x$
  - $MU_x = 0$
  - $MU_x$  is maximum
  - $TU_x$  is maximum
6. In Input-Output Analysis, it is assumed that production takes place under \_\_\_\_\_ returns to scale.
- increasing
  - decreasing
  - constant
  - negative
7. Which one of the following is correct under Imperfect Competition?
- the AR curve is a straight line parallel to X axis
  - the AR curve is a straight line parallel to Y axis
  - the AR curve slopes upward from left to right
  - the AR curve slopes downward from left to right
8. In the short-run, when the output of a firm increase, its average fixed cost
- decrease
  - increase
  - remains constant
  - is equal to AC

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9. In Penetration pricing, a business firm seeks to access deeper market penetration by keeping prices
- flexible
  - low
  - higher
  - competitive
10. Which of the following is not a feature of Business Cycle?
- wave like movements
  - irregular
  - non-recurrent
  - not secular trends
11. The strategy of rolling plan was adopted by
- Jawaharlal Nehru
  - Morarji Desai
  - Rajeev Gandhi
  - Narendra Modi
12. Which of the following is the correct term for calculating National Income at constant prices?
- Current income
  - Domestic income
  - Real income
  - Personal income

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[P.T.O.]





13. Which of the following is not a feature of the money market?

- (a) Short-term debt instruments
- (b) High liquidity
- (c) Low risk
- (d) Long-term debt instruments

14. Stagflation means

- (a) Inflation with Stagnation
- (b) Gallaping Inflation
- (c) Stagnation with Deflation
- (d) Inflation and Increasing Output

15. Fiscal Policy refers to the policy relating to

- (a) Public Revenue
- (b) Public Expenditure
- (c) Public Debt
- (d) All of the above

PART B — (5 × 4 = 20 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

16. (a) Write a brief note on Opportunity Cost Principle.

Or

(b) Analyse the relationship between managerial economics and decision making.

17. (a) Describe the criteria of a good forecasting method.

Or

(b) Elucidate the different types of demand.

18. (a) Explain 'Isocost lines' with illustration.

Or

(b) Why the law of diminishing returns specially applies to Agriculture?

19. (a) Examine the usefulness of the concept of national income in analysing an economy's aggregate behaviour.

Or

(b) What is a business cycle? Explain its various phases.

20. (a) Describe the objectives of Monetary Policy.

Or

(b) Analyse the functions of Commodity Market.





PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

21. (a) Discuss the role of Managerial Economist in business decision making.

Or

- (b) Explain the following :  
(i) Incremental concept  
(ii) Equi-marginal concept and  
(iii) Time perspective.

22. (a) Give the limitations of Input-Output analysis in economic theory.

Or

- (b) Explain the importance of elasticity of demand in management.

23. (a) Discuss the laws of Returns to Scale with suitable diagrams.

Or

- (b) Explain and illustrate the traditional cost curves of a firm in the short run and the long run.

24. (a) Examine the role of Economic policies in India.

Or

- (b) Explain the various concepts of national income in detail.

25. (a) Analyse the functions of a Money Market.

Or

- (b) Critically discuss the effectiveness of Monetary Policy in controlling inflation.

