

# School of Finance and Commerce

Commerce  
ETE - Jun 2023

Time : 3 Hours

Marks : 100

## Sem II - H1UA203T - Managerial Economics

*Your answer should be specific to the question asked*

*Draw neat labeled diagrams wherever necessary*

1. When price is Rs. 20 per unit, demand for a commodity is 500 units. As the price falls to Rs. 15 per unit, demand expands to 800 units. Calculate elasticity of demand. K1 CO1 (5)
2. Explain the three central problems of an economy. K2 CO1 (5)
3. Define the meaning of managerial economics. K1 CO1 (5)
- 4) Identify the internal and external Economies and Diseconomies of Scale with the help of examples. Also cite the reason for the same. K4 CO4 (10)

### OR

- “The production function of a firm can be studied in the context of short period.” In the light of the above statement illustrate the law of variable proportion with the help of a schedule and a diagram. K4 CO4 (10)
5. Point out the differences between perfect competition, monopolistic competition and monopoly. K3 CO2 (10)
  6. Explain the difference between movement along the supply curve and shift of the supply curve. K2 CO1 (10)
  7. Complete the following table: K3 CO2 (10)

Output (units)	TFC	TC	ATC	MC	AFC
0	8			-	
1				12	8
2				10	
3				8	
4				6	
5				5	

- 8) Different business cycles differ in duration and intensity. But there are certain features which they commonly exhibit. Discuss the common features of business cycles. K5 CO4 (15)

### OR

- Understanding business cycle is important for businesses of all types. Examine the relevance of business cycle in business decision making. K5 CO4 (15)
9. Draw the long run average cost curve and also explain why is it called envelope curve. K3 CO2 (15)
  10. "A perfectly competitive firm can earn supernormal profit, normal profit or can even incur losses in the short run." Evaluate the above statement with the help of diagram. K4 CO3 (15)