

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BBA DEGREE EXAMINATION DECEMBER 2023  
(Second Semester)

Branch – BUSINESS ADMINISTRATION

MANAGERIAL ECONOMICS

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (5 x 1 = 5)

- 1 Economics which is concerned with individual entities such as market, firm and household refers to
  - (i) Micro economics
  - (ii) Macro economics
  - (iii) Mathematical economics
  - (iv) Econometrics
- 2 If the value of price elasticity of demand is  $< 1$ , then demand refers to be
  - (i) Perfectly elastic demand
  - (ii) Perfectly inelastic demand
  - (iii) Relatively elastic demand
  - (iv) Relatively inelastic demand
- 3 The break-even point is where
  - (i) Total sales equals total variable costs
  - (ii) Total variable costs equal total fixed costs
  - (iii) Average cost equals average revenue
  - (iv) Total revenue equals total costs
- 4 In the Perfectly competitive market a firm can achieve equilibrium when?
  - (i)  $AR > AC$
  - (ii)  $MR = MC$
  - (iii)  $MR > MC$
  - (iv)  $AR > MR$
- 5 National income under expenditure method measured as
  - (i) Total value added by each type of industry in the business sector.
  - (ii) An aggregate of factor earnings to the resources supplied by the households.
  - (iii) An aggregate of the value of all final sales of whatever has been produced in the economy.
  - (iv) The sum of factor income earned in production.

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 3 = 15)

- 6 a Differentiate between micro and macro economics.  
OR  
b Construct the role of managerial economist.
- 7 a Outline the methods of demand forecasting.  
OR  
b Graph the supply curve and mention its relationship between price and quantity supplied.
- 8 a Compare economies and diseconomies of scale.  
OR  
b Highlight the different types of cost to maximize its profit.
- 9 a List the characteristics of monopoly market structure.  
OR  
b Write a note on skimming price strategies.

Cont...



- 10 a Compile the Philip's Curve.  
OR  
b Sketch the phases of Business Cycle.

**SECTION -C (30 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** Marks

(5 x 6 = 30)

- 11 a "Managerial Economics regarded as an application of economic principles integrates with business decision making" – Justify this statement.  
OR  
b Discuss the features and relevance of IKS in relation to sustainable business.
- 12 a Illustrate different types of price elasticity of demand with the help of diagram.  
OR  
b Evaluate factors determining supply and how it is relevant to business firm to take decision?
- 13 a Articulate the Law of variable proportions  
OR  
b Analyse the Break-even point with cost and revenue curve.
- 14 a Interpret the pricing and output decisions under perfect and monopolistic competition.  
OR  
b Demonstrate the different pricing methods.
- 15 a Examine the major consequences of Inflation and highlight monetary policy measures to control inflation.  
OR  
b Describe the methods of national income and What are the difficulties faced in measuring national income?

Z-Z-Z

END