**(Printed Pages 01)**

**Roll No. \_\_\_\_\_\_\_\_\_\_\_\_**

**MBA-1363**

**MBA (I Semester)Examination, Dec. 2018**

**BUSINESS ADMINISTRATION (BACK PAPER)**

**Managerial Economics**

*Time Allowed: Three Hours] [Maximum Marks: 70*

**Note:** Answer **all** questions.

**Q. 1.** Attempt any **six** of the following. **5\*6=30**

1. What is the importance of economics? Discuss.
2. What is ‘monopolistic competition’? Explain.
3. A household increases the demand for a commodity from 60 to 70 units when its price falls by 10%. What is the price elasticity of demand?
4. Explain the ‘Laws of diminishing returns.
5. “Consumer equilibrium allows a consumer to obtain the most satisfaction possible from their income”. Comment.
6. What do you mean by “market structure”? Explain.
7. “A market is a medium allowing buyers and sellers of a specific good or service to interact in order to facilitate an exchange”. Comment.
8. Explain the substitute and complementary goods.

**Q. 2.** What do you understand by total and marginal utility? What is the relationship between the two? Illustrate with the help of an example. **10**

**OR**

A consumer has a given income of Rs. 76. He wishes to spend his entire income on two products. **A** and **B**. The prices of these goods are: Rs. 8 and Rs. 12 respectively. The marginal utility is as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No. of Units** | **1** | **2** | **3** | **4** | **5** | **6** |
| **MUA** | 80 | 72 | 64 | 56 | 48 | 40 |
| **MUB** | 96 | 84 | 72 | 60 | 36 | 12 |

By applying law of equi-marginal utility, explain how the consumer can attain maximum satisfaction? Also calculate the maximum aggregate satisfaction.

**Q.3.** What is the law of demand and demand curve? Also explain why the demand curve is downward sloping. **10**

**OR**

Write Short Notes on:

**(a)** Income Elasticity of demand

**(b)** Cross Elasticity of demand

**Q. 4.** What are the different types of market structure? Explain with suitable examples. **10**

**OR**

Distinguish and differentiate between ordinal and cardinal utility approaches.

**Q. 5.** What do you understand by price elasticity of demand? Discuss in detail. **10**

**OR**

Can two goods provide equal utility to the consumer? Explain with examples.