

(Please write your Exam Roll No.)

Exam Roll No. ....

# END TERM EXAMINATION

FIRST SEMESTER [LLB] JANUARY 2024

Paper Code: BBALLB-117

Subject: Managerial Economics

Time: 3 Hours

Maximum Marks: 60

Note: Attempt all questions from Part A & B as directed. Internal choice is indicated.

## PART-A

Q1 Write short note on:-

(4x5=20)

- Concept of Margin and Increment
- Demand Forecasting : Need, Objectives and Methods
- Factors of Production
- Economies and Diseconomies of Scale

## PART-B

### UNIT-I

Q2 "Critically assess the view that an understanding of the principles of scientific decision making is fundamental to the success of a modern business firm." Explain the statement bringing out the significance of Managerial Economics. (10)

OR

Q3 Do all the business firms necessarily aim to maximise profits? Give reasons in support of your answer. (10)

### UNIT-II

Q4 Show that the condition of tangency between the Indifference curve and the budget line is a must for the equilibrium of the utility maximising consumer. (10)

OR

Q5 (a) Show that the price elasticity of demand varies from point to point on the same demand curve, from a lowest zero to a highest of infinity. (6)  
(b) A lawyer increases his consultation fee from rupees 100 to rupees 150. This leads to fewer clients per day but higher daily income for the lawyer which rises from rupees 1000 to rupees 1200. What can you say about the price elasticity of demand from these observations? (4)

### UNIT-III

Q6 Distinguish between returns to scale and returns to variable proportions. (10)

OR

Q7 What are the isoquants? Explain their essential features. (10)

### UNIT-IV

Q8 Explain the practice of price discrimination in its various manifestations. Examine the conditions necessary for its success and comment on its objectives and effects. (10)

OR

Q9 (a) Will the firms in an Oligopoly act more like a monopoly or more like competitors? Explain. (5)  
(b) What stops oligopolists from acting together as a monopolist and earning highest possible level of profits? (5)

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# END TERM EXAMINATION

FIRST SEMESTER [LLB] JANUARY-FEBRUARY 2023

Paper Code: BBALLB-117

Subject: Managerial Economics  
(2022 Onwards)

Time: 3 Hours

Maximum Marks: 75

Note: Attempt all questions from part-A and part-B as directed. Internal choice is indicated.

## PART-A

- Q1. Elaborate the following concepts in 400 words each :- (5x5=25)
- (a) The choice between the production of consumer goods and capital goods with the help of production possibility curve.
  - (b) Objectives of Demand Forecasting
  - (c) Managerial Efficiency as a variable in production function
  - (d) Different concepts of costs considered by a firm in accounting sense
  - (e) Price Discrimination

## PART - B

### UNIT-I

- Q2. Given the separation of ownership from control in the modern corporate form of business organization managers often strive to maximize their utility rather than maximizing profits for the owners. Evaluate critically. Also mention the factors that enter into the utility function of managers. (12.5)

OR

- Q3. "Managerial Economics is applied microeconomics." Elucidate. (12.5)

### UNIT-II

- Q4. "The replacement of the principle of diminishing marginal utility by the principle of diminishing marginal rate of substitution is not a mere translation; it is a positive change in the theory of consumer demand." (J. R. Hicks). Discuss. (12.5)

OR

- Q5. What are the factors which determine price elasticity of demand? What role does price elasticity of demand play in decision-making by business firms? Do you think that price elasticity of demand would be greater for car industry as a whole or for Swift Dzire of the Maruti firm. (6.5+3+3=12.5)

### UNIT-III

- Q6. If a production function reveals increasing returns to scale, what can you say about the returns to a variable factor? Explain with the help of ISOQUANTS. (12.5)

OR

- Q7. Explain the concept of production function. Why is it useful in the analysis of firm's behavior? What causes decreasing returns to scale beyond a point? (6+3.5+3=12.5)

### UNIT-IV

- Q8. What are the sources of monopoly? Examine the relationship between market structure, market behavior and market performance of firms selling differentiated products. (12.5)

OR

- Q9. Presently essential drugs are produced under different brand names. Suppose the Government decides to abolish all brand names, what will be the impact of this move? Would you justify this move? (12.5)

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Handwritten calculations: 12.5, 12.5, 12.5, 37.5, 5, P, (47.5)



# END TERM EXAMINATION

FIRST SEMESTER [LLB] JANUARY 2024

Paper Code: **BBALLB-115**  
Time: 3 Hours

Subject: **Managerial Economics**  
Maximum Marks: 60

Note: Attempt five questions in all including Q.No.1 of Part A which is compulsory. Select one question from each unit of Part B.

## PART-A

- Q1 Bring out the essence of the following in around 300 words each (5×4=20)
- Objectives of the firm
  - Production isoquants
  - Sunk costs
  - Uninsurable risks
  - Differential products

## PART-B

### UNIT-I

- Q2 Identify the areas of decision making where managerial economics prescribes specific solutions to business problems. (10)
- Q3 Critically examine the validity of profit maximisation hypothesis. (10)

### UNIT-II

- Q4 a) Prepare a hypothetical demand schedule for an apple i-pad in the Indian market to explain the concept of demand. (5)
- b) For each of the following demand functions, determine whether demand is elastic, inelastic or unitary elastic at the given price. (5)
- |                |        |
|----------------|--------|
| • $Q=100-4P$   | $P=20$ |
| • $Q=1500-20P$ | $P=5$  |
| • $P=50-0.1Q$  | $P=25$ |
- Q5 a) The demand for public travel is always linked to the prices of petrol and diesel. Whenever there is a rise in the prices of petroleum related products, not only the prices of public transportation system increases but also their demand. Which concept in economics describes the effect of a change of this type? Explain. (5)
- b) Examine the effect of the following events: (5)
- All nuclear power plants are closed. Supply curve of electricity.
  - Insurance premium for fire accidents increased. Demand curve for fire accident policies.
  - Minimum age for drivers increased to 21 years. Demand curve for mopeds.

### UNIT-III

- Q6 Discuss the managerial uses of Production function. Elaborate on the inter relationship between cost and production. (10)

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BBALLB-115  
P/2



- Q7 To manufacture a PC, you require a keyboard and a monitor. If you measure keyboard on x axis and monitor on y axis, then what will be the shape of the Isoquant? Show how economies of scale help a firm to achieve cost advantage and thereby industry leadership. (10)

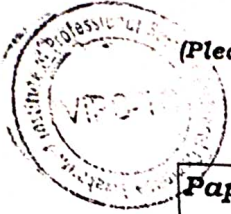
### UNIT-IV

- Q8 "Under Oligopoly advertising can become a life and death matter for a firm." Comment. (10)
- Q9 Textile industry in India has long been monopolistically competitive with many mills producing different clothes with different colours and shades. Explain why in a monopolistic competition economic returns is different from perfect competition. Also explain why the condition  $MC=P=MU$  is critical for this analysis. (10)

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# END TERM EXAMINATION

FIRST SEMESTER [LLB] JANUARY-FEBRUARY 2023



Paper Code: BBALLB-117 Subject: Managerial Economics (2022 Onwards)

Time: 3 Hours Maximum Marks: 75

Note: Attempt all questions from part-A and part-B as directed. Internal choice is indicated.

### PART-A

- Q1. Elaborate the following concepts in 400 words each :- (5x5=25)
- (a) The choice between the production of consumer goods and capital goods with the help of production possibility curve.
  - (b) Objectives of Demand Forecasting
  - (c) Managerial Efficiency as a variable in production function
  - (d) Different concepts of costs considered by a firm in accounting sense
  - (e) Price Discrimination



### PART - B

#### UNIT-I

- Q2. Given the separation of ownership from control in the modern corporate form of business organization managers often strive to maximize their utility rather than maximizing profits for the owners. Evaluate critically. Also mention the factors that enter into the utility function of managers. (12.5)

OR

- Q3. "Managerial Economics is applied microeconomics." Elucidate. (12.5)

#### UNIT-II

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- Q5. What are the factors which determine price elasticity of demand? What role does price elasticity of demand play in decision-making by business firms? Do you think that price elasticity of demand would be greater for car industry as a whole or for Swift Dzire of the Maruti firm. (6.5+3+3=12.5)

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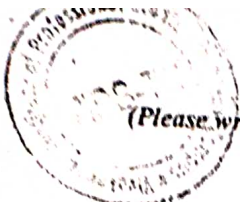
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# END TERM EXAMINATION

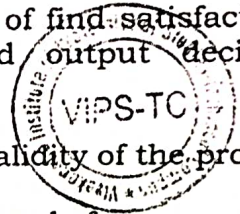
FIRST SEMESTER [LLB] NOVEMBER - DECEMBER 2019

**Paper Code: BBALLB 115** **Subject: Managerial Economics**

**Time : 3 Hours** **Maximum Marks :75**

**Note: Attempt any five questions including Q. No. 1 which is compulsory. All questions carry equal marks.**

- Q1. Answer the following in brief:
- a) Theory of firm
  - b) Principal-Agent dilemma
  - c) Relationship between price, elasticity and total expenditure.
  - d) Isoquants
  - e) Open economy and circular flow of income.
- Q2. "Critically assess the view that an understanding of the principles of scientific decision making is fundamental to the success of a modern business firm".
- Q3. "Given that the future is unknown, the best we can do is to estimate the likelihood of future events and then use expected profit as the decision criterion". Discuss.
- Q4. "The market allocates resources to the firm that best meets the needs of consumers". Discuss.
- Q5. Explain the inability of economic theory of firm to find satisfactory solutions to the theoretical problem of price and output decision-making in Oligopolistic market.
- Q6. a) Critically examine the theoretical validity of the profit maximization hypothesis.  
 b) Analyse the effects on the demand for cars because of the following:
  - i) A higher tax on gasoline
  - ii) Increased automation on subways
  - iii) A congestion tax imposed on cars using certain routes at certain time.
- Q7. Explain the significance of the firm's cost of capital. What are the factors that determine that cost of capital and how can the cost be estimated?
- Q8. Give examples of business activities where the law of diminishing returns applies. Explain the reasons for three stages of production in the short run.
- Q9. Explain the scope and nature of Managerial Economics.



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# END TERM EXAMINATION

FIRST SEMESTER [LLB] DEC.2014 - JAN.2015

Paper Code: BBALLB115

Subject: Managerial Economics  
(Batch: 2014)

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any six questions including Q no.1 which is compulsory.

Q1

Write short notes on any five of the following:-

(5x5=25)

- (a) Principal- Agent Problem.
- (b) Proportionate method versus Arc method of the price elasticity.
- (c) Circular flow of economic Activity.
- (d) Objective of a firm
- (e) Time value of money
- (f) Incremental and Sunk Costs
- (g) Giffen good as an exception to the demand law.



Q2

- (a) Explain the relationship between the marginal revenue and the price elasticity of demand. (4)
- (b) Explain the significance of the concept of the price elasticity of demand in the context of the following:-
  - (i) Excise Duty (An indirect tax imposed on the manufacturing of a good) (2)
  - (ii) Drugs and Street Crime (2)
  - (iii) Success of a monopolist (2)



Q3

What are the determinants of market demand? Suggest any two ways to reduce the demand for cigarettes. (10)

Q4

- (a) Ram has left an accounting job in a company where he was earning Rs. 5,00,000 per year as salary to start to his own accounting firm in a building that he owns and was previously renting out for Rs. 2,40,000 per year. In his first year of business he estimates the following expenses: Salary paid to himself Rs. 4,00,000; rent Rs. 0; Electricity Rs. 50,000 and other expenses Rs. 2,00,000. Find the accounting cost and the economic cost associated with Ram's accounting firm. (5)
- (b) Make a list of some fixed and variable expenses/costs associated with owning and operating an automobile. Suppose you are considering whether to drive your car or fly 500 km to Kashmir from Delhi for summer break. Which costs (whether fixed, variable or both) would you take into account in making your decision? Would any implicit costs be relevant? Explain. (5)

Q5

- (a) Suppose there is a firm having 100 hectare of land, 50 machines and the firm is not able to increase the size of land and the number of the machines, therefore, to increase the total production the firm is considering to increase the labour only. Explain the impact of change in labour on the total output, the marginal output and the average output. (7)
- (b) The size of the agricultural land on the earth is limited, but the population is increasing day by day, then using the law of diminishing marginal return explain the effect of the increase in population on the agricultural output. Should we worry about the effect? Justify your answer. (3)

Q6

- (a) Is a monopolist socially undesirable? Using a suitable diagram, justify your answer. (5)
- (b) Explain the assumptions (with their significance) of a perfect competitive market model? How is it different from pure competitive market model? (5)

Q7

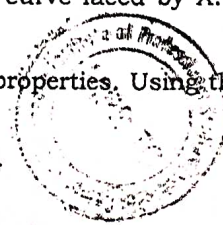
Suppose there are two companies in a market, say, X and Y facing the market price P. Now, X is considering whether to raise its price or decrease, then using a suitable model you are required to comment on the demand curve faced by X. Also comment on the stickiness/rigidity of the market price. (10)

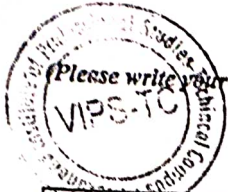
Q8

What is an isoquant curve? Explain its main properties. Using the concept of isoquant curve, explain the law of returns to scale. (2+3+5=10)

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# END TERM EXAMINATIONS 22

FIRST SEMESTER [BBALLB] DECEMBER-2015

Paper Code: BBALLB 115

Subject: Managerial Economics  
(Batch: 2014 onwards)

Time : 3 Hours

Maximum Marks : 75

Note: Attempt any five questions including Q.no.1 of Part-A which is compulsory. Select one question from each unit of Part-B.

## Part-A

- Q1. Write lucid notes on the following: (5x5=25) -
- The circular flow of economic activity.
  - Different objectives of the firm.
  - The relevance of price elasticity for a firm.
  - The production Isoquants.
  - Price rigidity in case of oligopoly.

## Part-B

### Unit-I

- Q2. Underline the concept of a firm. Explain the determination of equilibrium output of a firm which aims at profit maximization. (12.5)
- Q3. Highlight the principal-Agent problem. How does a firm's constraint affect decision making. Comment. (12.5)

### Unit-II

- Q4. a) Assume that the free market price of rice is Rs. 10 per kg. If a government decides to peg its price at Rs. 2 per kg, then describe the likely economic impact. (6.5)
- b) Explain the effect of the following events on the demand curve: (6)
- Minimum age for drivers is increased to 21 years:- Demand curve for mopeds.
  - Insurance premium for fire accidents:- Demand curve for fire accident policies.

- Q5. Define price elasticity of demand and distinguish its various types. Discuss the role of price elasticity of demand in managerial decisions. (12.5)

### Unit-III

- Q6. How is a least - cost combination arrived at with the help of isoproduct and isocost curves? Explain the significance of the tangential point. (12.5)
- Q7. State and explain the law of diminishing returns. What are causes and effects? (12.5)

### Unit-IV

- Q8. Give your comments for the following two statements listed below: (12.5)
- No useful purpose is served by advertising in perfect competition.
  - Advertising is aimed at shifting the demand curve.
- Q9. Explain the key differences between perfect competition and monopolistic competition. (12.5)

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# END TERM EXAMINATION

FIRST SEMESTER [LLB] DECEMBER 2013-JANUARY 2014

Paper Code: LLB-119

Subject: Managerial Economics  
(2008-2013)

Time: 3 Hours

Maximum Marks: 75

Note: Part A is compulsory. Attempt any one question from each unit from Part B.

## PART - A

Write note on:

- Time value of money.
- Cross elasticity of demand.
- Explicit cost & Implicit cost.
- Economics of scale
- Circular flow of income

(5x5=25)

## PART - B

Q.2 What managerial economics is all about? Managerial economics has both description and perspective roles. Explain.

OR

Q.3 Distinguish between Micro economics and Macro economics. What subjects are studied in each of them?

## UNIT - II

Q.4 State and Explain the Law of Diminishing marginal utility? How is Law of demand related to it?

OR

Q.5 What are the factors which determine price elasticity of demand? What role does price elasticity of demand play in decision making by business firms.

## UNIT - III

Q.6 What is production function? Distinguish between fixed inputs and variable inputs. Is the distinction between the two relevant in long run?

OR

Q.7 Define price discrimination under what conditions can a monopolist discriminate between different buyers in fixing the price of his product? Under what conditions price discrimination is profitable.

## UNIT - IV

Q.8 Explain clearly the classical theory of employment and point out its main short-comings.

Q.9 Explain the following terms:

- National Income
- Personal Income
- Disposable Income
- Real Income

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