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F.Y. B.Com / BMS

Synopsis Answer

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Q.1. (a) Explain the meaning of managerial economics and its application in the process of decision making. - (7)

Meaning - Definition - Application - Economic Theory - Decision sciences - managerial economics - optimal solution to managerial decision problem

(b) Examine the role of managerial economics. (8)

→ Meaning - Role: The objective of the firm - The economy in which the firm operates - changes in economic fundamentals - International economic relations - market structure - Business environment - etc.

or

(c) Explain the scope of managerial economics. (7)

→ Introduction - meaning - scope: Product pricing - theory of demand - theory of production and cost - factor pricing - wages - Rent - Interest - profit etc. - theory of economic welfare.

(d) What are the steps involved in decision making?

→ Introduction - Steps: Establishing objectives - Define the problem - Identify possible solutions etc. (8)

Q.2 (A) Discuss different types of cross elasticity of demand. (07)

→ meaning: Types: Positive, Negative and zero cross elasticity of demand. (2)

(B) Distinguish between Variation Demand vs change in demand (2)

→ meaning - explain both the term using diagram or

(C) Find out price elasticity of demand from the following. (07)

$$\rightarrow Ed = \frac{\Delta Q}{\Delta P} \times \frac{P}{Q}$$

$$Ed = \frac{25}{2} \times \frac{100}{100} = 1.25$$

(d) Discuss the factors influencing elasticity of demand. (08)

→ Introduction - Nature of commodity - Availability of substitutes - Habits and custom - Alternative Uses - Complementary goods - etc.

Q.3 (a) ~~Examine~~ Examine the importance of production function? (08)

→ Introduction: Importance: optimum use of resources, Growth - development - maximum output etc

(b) Discuss external economies of scale. (8)

→ meaning: - Localisation Economies - Research and information economies - Disintegration economies - By products economies - etc

OR

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(c) Explain the long run Average Cost curve. (07)
 → meaning of LAE - Diagram - Explanation etc.

(d) From the following data calculate TVC , MC , AC , and AFC (8)

Units	Tc	TRC	TVC	MC	AC	AFC
0	50	50	00	-	-	-
1	120	50	70	70	120	50
2	170	50	120	50	85	25
3	180	50	130	10	60	16.67
4	210	50	160	30	52.5	12.5
5	260	50	210	50	52	10
6	340	50	290	80	56.67	8.33
7	440	50	390	100	62.86	7.14
8	580	50	530	140	72.5	6.25

Q. 4 (a) Explain the features of monopoly. (07)

→ meaning - Definition - features - single seller - price maker - No close substitutes - downward sloping demand curve etc.

(b) Explain the short run equilibrium of the firm under perfect competition with suitable diagrams. (07)

→ Equilibrium under monopoly - maximum profit - Loss - Normal profit with the help of diagrams.

P.T.O.

OR

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Q-No. (c) Explain the characteristics of oligopoly (7)

→ meaning - definition - few firms - kinked demand curve - price rigidity - etc.

(d) Examine the kinked demand curve. (8)

→ Meaning of oligopoly - diagram of kinked demand curve - Explanation

Q.5. Write short ~~Notes~~ Notes (Any three) (15)

(a) Asymmetric information

→ - meaning - Example - concepts etc.

(b) Price elasticity of demand:

→ meaning - concepts - formula Example etc.

(c) Economies of scope:

→ meaning: concept - Example etc.

(d) Internal economies of scale:

meaning: concept: economies: managerial, production Labour etc.

(e) Monopolistic competition

→ meaning: concepts: features: etc.

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