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Name.....

Reg. No.....

**FIRST SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2018**

(CUCSS)

M.B.A.

**BUS 1C 06—MANAGERIAL ECONOMICS**

(2016 Admissions)

Time : Three Hours

Maximum : 36 Weightage

**Part A**

*Answer all the questions.*

*Each question carries 1 weightage.*

1. What are average and marginal products ?
2. Explain 'Equal marginal Principle'.
3. What is an 'Engel Curve' ?
4. Name the applications of 'Consumer Price Index'.
5. What are 'Economies and Diseconomies of Scope' ?
6. What is inflation ?

(6 × 1 = 6 weightage)

**Part B**

*Answer any four questions.*

*Each question carries 3 weightage.*

7. Explain 'Income and Substitution Effects'. Give examples.
8. Discuss the types of 'Price Discrimination'.
9. A consumer spends all his income on two goods X and Y. If a 50% increase in the price of goods X doesn't change the amount consumed of goods Y, what is the price elasticity of demand for goods X ?
10. Explain the production function with one variable input with appropriate examples.
11. Explain the difference between a shift in the supply curve and a movement along the supply curve.
12. Write a note on determinants of costs in the long run.

(4 × 3 = 12 weightage)

**Turn over**

**Part C***Answer any three questions.**Each question carries 4 weightage.*

13. A manufacturing firm has different levels of production corresponding to different number of workers which is given below :

Number of Workers	Number of Chairs
1	10
2	18
3	24
4	28
5	30
6	28
7	25

- Calculate the marginal and average product of labor for this production function.
  - Does this production function exhibit 'Diminishing Returns to Labor' ? Explain.
  - Explain intuitively what might cause the marginal product of labor to become negative.
- If the firm's marginal cost of production is greater than the average variable cost. Determine whether the average variable cost. Comment on the behavior of the average variable cost.
  - Discuss the stages of a business cycle. Discuss the impact of business cycle on economic growth
  - Discuss pricing under different market conditions.
  - Discuss the techniques of demand forecasting.

 $(3 \times 4 = 12 \text{ weights})$ **Part D***Answer the compulsory question.**6 weightage.*

- With the opening up of market doors of developing countries they have been witnessing a rise in employment, firm productivity and market demand. Nevertheless, the scenario of the developed countries has been quite different. Many European countries have witnessed stagnant economic situations with interest rates hovering around the zero lower bound. These lower interest rates have urged Europeans to hoard cash rather than keeping it in the bank. With an urgent need to

pump up inflation, these countries have adopted a strategy to move towards a cashless economy thereby rendering the hoarding of cash as illegal. A cashless economy enables the Government to increase consumer spending and curb the existence of black money. Considering these benefits, many developing countries have taken measures of shifting towards a cashless economy. The Governments in these developing countries have increased incentives and promoted the use of digital payments but shifting to a cashless economy is going to be a major challenge. Cash-based transactions are still on a rise in developing countries and with majority of the population without a bank account, this becomes the only means for transaction. Apart from the operational challenges, there is going to be a huge impact on the framing of the monetary policy and the capability of the central bank in controlling money supply in the economy.

Questions :

- 1 Comment on the role of financial regulators (RBI) in the economy.
- 2 What could be the impact of cashless economy on the society in countries like India ? Explain.
- 3 Discuss, in your viewpoint, how shortage for cash may affect economic development of India.

(1 × 6 = 6 weightage)