



Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306  
**POST GRADUATE DIPLOMA IN MANAGEMENT (2020-22)**  
**END TERM EXAMINATION (TERM -II)**

Subject Name: **Managerial Economics**  
Sub. Code: **PG-13**

Time: **02.30 hrs**  
Max Marks: **60**

**Note:**

**1. All questions are compulsory. Section A carries 10 marks: 5 questions of 2 marks each, Section B carries 30 marks having 3 questions (with internal choice question in each) of 10 marks each and Section C carries 20 marks one Case Study having 2 questions of 10 marks each.**

**SECTION - A**

Attempt all questions. All questions are compulsory.

**2 × 5 = 10 Marks**

**Q. 1 (A):** Explain the concepts of microeconomics.

**Q. 1 (B)** Describe the nature and scope of managerial economics with regards to business and industry.

**Q. 1 (C):** Examine critically profit maximization as the objective of business firm.

**Q. 1 (D):** How does economics helps business managers in performing their functions.

**Q. 1 (E):** What are the major macroeconomics issues related directly to business-decision making?

**(Entire question Q1 will correspond to 1 CO only)**

**SECTION - B**

All questions are compulsory (Each question has an internal choice. Attempt any one (either A or B) from the internal choice)

**03 × 10 = 30 Marks**

**Q. 2: A.** Explain the price elasticity of demand with the help of suitable examples and diagrams.  
**(CO2)**

**Or**

**B. State law of demand and what are its exceptions. Explain with the help of diagram and example.**

**(CO2)**

**Q. 3: A.** What is indifference curve and its properties? What role does it play in consumer analysis?  
**(CO3)**

**Or**

**B.** From the following data calculate average cost, marginal cost, variable cost, average variable cost, average fixed cost.

Output (in units)	0	1	2	3	4	5	6	7
Total Cost (in Rs)	120	140	180	210	240	300	360	420

**(CO3)**

**Q. 4: A.** Explain the kinked Demand curve with the help of a suitable diagram. **(CO3)**

**Or**

**B.** Explain the following pricing approaches: i) full cost pricing ii) product line pricing iii) price skimming iv) Penetration pricing v) Loss Leadership pricing

**(CO3)**

### SECTION - C

Read the case and answer the questions

**10×02 = 20 Marks**

**Q. 5:** Case Study: (CO4)

#### **Introduction**

An economic research Centre has published data on GDP and demand for refrigerators as given below.

Year	2007	2008	2009	2010	2011	2012	2013
GDP (bill. RS)	20	22	25	27	30	33	35
Refrigerators (mill. Units)	50	60	80	80	90	100	120

**Q5 (A):** Estimate regression equation  $R=a+bx$  whereas refrigerators are dependent variable and GDP is independent variable.

(CO4)

**Q5 (B):** Forecast demand for refrigerators in the year 2014 and 2015. The research center has projected GDP for 2007 and 2008 at Rs 38 billion and 40 billion respectively.

(CO4)

#### **Mapping of Questions with Course Learning Outcome**

Question Number	COs	Marks Allocated
Q. 1:	CO1	10 marks
Q. 2:	CO2	10 marks
Q. 3:	CO3	10 marks
Q. 4:	CO3	10 marks
Q. 5:	CO4	20 marks