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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Sem Examination, October 2017

Program: B.Tech(BFSI, EC, CCVT, BAO)
Semester – VII **Subject (Course): Managerial Economics**
Max. Marks : 100
Course Code : BBCE 114 **Duration : 3 Hrs**
No. of page/s: 5

Section "A" (20 marks)

Multiple Choice Questions

1. Demand is determined by:
a. Price of the product
b. Relative price of other goods
c. Tastes and habits
d. All of the above.

2. When a firm's average revenue is equal to its average cost, it gets………………
a. Super profit
b. Normal profit
c. Super Normal Profit
d. None of the above.

3. Managerial Economics generally refers to the integration of economic theory with business
a. Ethics
b. Management
c. Practice
d. All of the above

4. Given the price, if the cost of production increases because of higher price of raw materials, the supply
a. Decreases

b. Increases
c. Remains the same.
d. Any of the above

5. At breakeven point
a. Total expenses = total revenue
b. Total expenses > total revenue
c. Total expenses < total revenue
d. Any of the above

6. Margin of Safety is equal to
a. Actual Sales-Sales at Break Even Point
b. Actual Sales + Sales at Break Even point
c. Actual Sales * Sales at Break Even Point
d. Actual Sales/Sales at Break Even Point

7. Under Perfect Competition, price is determined by the interaction of total demand and…………..
a. Total supply
b. Total cost
c. Total production
d. Total Utility

8. Oligopoly is a type of market. A………………..exists in the industry.
a. Perfect, few firms
b. Imperfect, few firms
c. Perfect, many firms
d. Imperfect, many firms

9. Contribution per unit is equal to
a. Selling price per unit – variable cost per unit
b. Selling cost per unit + variable cost per unit
c. Selling cost per unit/variable cost per unit
d. Selling cost per unit X variable cost per unit

10. Numerical:
    The data of an industrial unit is as follows :

Fixed Cost of assets =Rs. 20,000

Sales price per unit=Rs. 8

Variable Cost=Rs. 60,000

Contribution for 6000 units=Rs. 12,000

The sales volume for break even is:

a. 8,000
b. 10,000
c. 12,000
d. 14,000

Section "B"(20 marks)

1. Define elasticity of demand with an example.
2. Explain four features of perfect competition.
3. Explain the role of a managerial economist
4. Explain the five degrees of price elasticity of supply.
5. From the following, find out the break even point:

a. Variable cost per unit: Rs. 15
b. Fixed expenses: Rs. 54,000
c. Selling price per unit: Rs. 20
d. What should be selling price per unit, if the break even point should be brought down to 6,000 units?

Section "C" (30 marks)

1. Explain Short Run Production Function- Law of Variable Proportions diagrammatically.
2. Explain the exceptions to the law of diminishing marginal utility.
3. Differentiate between monopoly and perfect competition.
4. Explain the price and quantity determination under perfect competition with suitable diagrams in the short run.
5. Explain the law of supply with diagrams and schedules.

Section “D”(30 marks)

1. How is Managerial Economics important for business managers?
2. Explain the characteristics of Monopoly market structure.
3. What is an isoquant? Explain the general properties of an isoquant with the help of a diagram.