

**B.Sc. FASHION MERCHANDISING AND
RETAIL MANAGEMENT (BSCFMRM)**

Term-End Examination

00361

December, 2017

BFW-003 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 70

Note : Attempt any *seven* questions. All questions carry equal marks. Use of scientific calculator is permitted.

1. Describe the scope of Managerial Economics as a tool of managerial decision-making. 10

2. Differentiate between Monopoly and Monopolistic competition by giving suitable examples. 10

3. A consumer buys 320 units of a set of goods at a price of ₹ 10 per unit. The price falls to ₹ 8 per unit. How much quantity will the consumers buy at the new price, if elasticity of demand is -2 ? 10

4. Define Fixed Cost. How is it different from Variable Cost ? Draw a graph of fixed cost, variable cost and total cost with examples. 10
5. Which of the following commodities has the most inelastic demand ? Give reasons for your answer. 10
- (a) Soap
 - (b) Salt
 - (c) Television
 - (d) Ice-cream
 - (e) Refrigerator
6. For a future requirement of ₹ 6,350, what equal payment is needed for five years when the rate of interest is 12% compounded annually ? 10
7. Why is demand analysis significant for management ? Identify the various concepts of demand relevant for functional areas of management. 10
8. Distinguish between short-run production function and long-run production function. Under what condition will the law of diminishing returns be known as the law of variable proportions ? 10

9. Distinguish between the following (any *two*) : $2 \times 5 = 10$

- (a) Demand curve and Demand schedule
- (b) Isoquant and Isocost
- (c) Oligopoly and Duopoly

10. Management may choose to build up capacity in anticipation of demand or in response to developing demand. Give the advantages and disadvantages of both approaches.

10
