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MCQ-032

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P.G. DIPLOMA IN RURAL BANKING (PGDRBI)

Term-End Examination

December, 2011

MCQ-032 : MANAGERIAL ECONOMICS AND DEVELOPMENT THEORY

Time : 3 hours *Total marks : 70*

Instruction :

*(a) Answer **four** questions from **Section A**, **two** questions from **Section B** and **one** question from **Section C**.*

*(b) Each question carries **10 marks.***

*(c) Answer to the point. The word limit for each question is **200.***

(d) Due credit will be given for use of appropriate diagram.

SECTION - A

1. Explain five direct applications of concepts learnt in Managerial Economics in practical managerial decision making situations.

2. When the price a product is Rs. 75, its demand is 10 units and when the price is Rs. 70, demand is 12 units. Assuming that the demand function for the product is linear,

(a) Find the theoretical maximum possible quantity of the good that can be demanded ?

(b) Find the theoretical maximum possible price of the product.

(c) Calculate price elasticity when price decreases from Rs. 75/- to Rs. 70/- per unit.

3. Distinguish between the following with the help of illustrations :

(a) Fixed costs and Variable costs

(b) Short run costs and Long - run costs

(c) Direct costs and Indirect costs

(d) Total cost, Average cost and Marginal cost

(e) Incremental cost and Sunk cost

4. Describe three stages of production with a suitable diagram. In this context, what will be the behaviour of a rational producer ?

5. Which of the following production functions represents decreasing returns to scale ?

(a) $Q = 250 + 3K + 4L + 5R,$

(b) $Q = 100K^{0.3}\ L^{0.5}\ 0.5\ R^{0.2}$

(c) $Q = KL/R$

Where, K = Units of capital, L = Units of labor, R = Units of Raw materials.

6. (a) Differentiate between Monopoly and Monopolistic competition giving examples.

(b) Explain why profit is maximum at a level where MC = MR. Is profit always maximum when MC = MR ? Comment.

SECTION - B

7. Describe at least four macroeconomic indicators and explain how to judge the performance of any economy using those indicators ?

8. (a) Explain the concept of credit creation capacity of Banks and the factor influencing the same.

   (b) Explain the role of and the tools used by RBI in influencing money supply in India.

9. Explain the concept of Business Cycle. Comment on behaviour of different macroeconomic indicators during the phase of "recession".

SECTION - C

10. Compare the doctrines of balanced and unbalanced growth.

11. Critically examine the Schumpeterian Theory of Development.
