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**M.Sc. FASHION MERCHANDIZING & RETAIL
MANAGEMENT (MSCFMRM)**

Term-End Examination

June, 2011

MFW-008 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 70

Note : *Attempt any seven questions. Each question carry equal marks.*

1. What is demand ? Explain any one determinant of demand for a commodity, other than it's price. Explain the exceptions of law of demand. **10**
2. Explain the following. (With diagrams) **10**
 - (a) Shut down point.
 - (b) Least cost combination.
 - (c) Break - even point.
3. Under perfect competition, the seller is price taker, under monopoly seller is price maker. Explain. **10**
4. What is Inflation ? When can the inflationary gap arise ? How many methods are there to control the inflation in an economy ? **10**

5. Explain depreciation, consumption of fixed capital and capital loss. Illustrate all through one example. **10**

6. What is Aggregate demand ? Explain the component's of Aggregate demand. Show the equilibrium level of National income. **10**

7. Complete the following : **10**

<u>UNITS</u>	<u>TC</u>	<u>AFC</u>	<u>AVC</u>	<u>MC</u>
1	20	6	-	-
2	26	3	-	-
3	39	2	-	-

Calculate AVC and MC.

8. A consumer buys 100 units of good X at Rs 5 per unit. The price elasticity of demand for the good is 2. At what price will he be willing to buy 140 units of the good ? **10**

9. Describe the value Added Method of calculating National Income. What precautions should be taken in estimation of National income by Value Added Method ? **10**
