

**M.Sc. FASHION MERCHANDISING AND
RETAIL MANAGEMENT (MSCFMRM)**

Term-End Examination

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December, 2017

MFW-008 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 70

Note : Attempt any **seven** questions. All questions carry equal marks.

1. (a) When does a consumer buy a lesser quantity of the commodity at a lesser price ?
(b) When does a consumer buy more commodities at a higher price ? $2 \times 5 = 10$

2. What is Perfect Competition ? How is it different from Monopolistic Competition ? How are the prices determined under perfect competition in the short run ? 10

3. What is demand ? What are the factors influencing demand and what are its exceptions ? 10

4. What are the explicit and implicit costs of college-going students ? Why do the economists classify normal profit as a cost ? 10
5. A consumer buys 160 units of goods at a price of ₹ 8 per unit. Price falls to ₹ 6 per unit. What quantity will the consumer buy at the new price, if price elasticity of demand is (-2) ? 10
6. What is National Income ? How many methods are there to calculate the national income ? Explain the income method with steps and precautions. 10
7. What is Price Elasticity of Demand ? Explain the Cross Elasticity of Demand. The price elasticity of demand of product X is -2 and that of product Z is -0.02 . What does it signify ? 10
8. Explain the concepts of Fixed cost and Variable cost.
"In the long run, all costs are variable." Discuss. 10
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