

00403 B.Sc. FASHION MERCHANDIZING & RETAIL  
MANAGEMENT (BSCFMRM)

Term-End Examination

June, 2011

BFW-003 : MANAGERIAL ECONOMICS

Time : 3 hours

Maximum Marks : 70

Note : Attempt any seven questions and every question carry equal marks.

1. Distinguish between the following : 10
  - (a) Demand schedule and demand function.
  - (b) Normal good's and Inferior good's.
  - (c) Complementary goods and Substitute good's.
  
2. What is consumption ? State the relationship 10 between
$$APC + APS = 1$$
$$MPC + MPS = 1$$
  
3. What is the relationship between AC and MC ? 10  
Can Average cost fall, when marginal cost is increasing ? Show with diagrams.

4. What is Perfect competition market ? What are its features ? How the price of the commodity is determined in short run under perfect competition market ? How is competition different from cartelization ? 10

5. Compute price elasticity of demand when : 10  
(a) Price falls from Rs. 7 to Rs. 5  
(b) Price is Raised from Rs. 5 to Rs. 7

Are these elasticities different ? If yes, mention the nature of Elasticity by the following information :

Price :-	3	5	7	10
Total Expenditure :-	20,000	15,000	7,000	5,000

6. What is national income ? How many methods to calculate National income ? Explain any one of them with its precautions. Explain growth of GNP (Gross National Product) of a country. 10

7. Explain the variable Return's to scale with graph. 10

8. What is the explicit and Implicit cost ? Why does the economist classify normal profit as a cost ? 10

9. What will be the effect on equilibrium when demand in elastic and supply changed ? 10