

Vidya Vikas Mandal's
Shree Damodar College of Commerce and Economics, Margao, Goa
First Year BBA, Term II End Term Assessment, January 2023
Course: MANAGERIAL ECONOMICS I

Timing: 1.5 Hours

Marks: 25

Instructions:

- ❖ All questions are compulsory
- ❖ Figures to the right indicates marks

Q.1. Answer any *FOUR* questions from the following

(04x03 Marks)

- a) Assuming Person "A" produces product named X. Due to inflation, the cost of production of X product increases hence, the prices are also increased so as to gain more revenue. Explain how this will affect the supply, also explain any two determinants of supply.
- b) Explain each of the following statement with the help of diagram
- i) Indifference curve cannot have positive slope
 - ii) Two indifference curves can never intersect or be tangent to each other
- c) From 1990 to 2015, the per person consumption of coffee by Americans rose from 50 pounds per year to 90 pounds per year, and the consumption of tea reduced from 80 pounds to 60 pounds per year. Which direction the demand curve will shift, also explain two reasons for change in demand.
- d) Aggregate demand shows total demand for goods and services produced within a time period, while GDP shows market value of all the final goods and services produced within a country. But both are calculated in the same manner. Justify.
- e) In long run, all factors of production are variable. Explain the above statement with the help of diagram

Q.2 Answer the following questions.

(02x05 Marks)

a) Explain the following terms.

- i. Total cost
- ii. Average Cost
- iii. Marginal Cost
- iv. Total Variable Cost

b) In a closed economy, Government will spend its income on financial and, goods and service market. Explain with the help of diagram.

Q.3. Rising prices of milk in India has led to decrease in consumption. A survey conducted which covered 21,000 responses, 69% were male respondents while rest were females. According to the last Government data the milk prices were hike by milk cooperatives by Rs. 2 liters from 17 August 2022 hence the consumption was affected. Below given is the data extracted from the survey, draw appropriate diagrams for the below given data. (01x03 Marks)

- a) 68% respondents are still buying milk in same quantity
- b) 6% respondents have switched to a lower cost brand or bought close substitute
