

2-1-108

B.Com(Hons.)

SEMESTER- I

Paper I : 103 MANAGERIAL ECONOMICS

Unit - I - Introduction to Managerial Economics and Demand and Analysis

Meaning and scope, Relation with other branches, Basic tools in Managerial Economics - Opportunity cost principle, Incremental principle, Principle of time perspective, Discounting principle. Firm and its Objective - optimization and maximization concept. Demand Theory and Analysis, Demand Function, Curves, Individual and Market Demand, Types of Demand. Elasticity of Demand - Types of Elasticities, its measurement and business uses. Demand Forecasting - Meaning & Significance. Methods of demand forecasting for established and new products.

Unit- II - Production and Cost Functions

Meaning of Production Function, Production function with one variable input, Law of Variable Proportions, Single Output Isoquants, Optimal combination of Factor inputs, returns to scale, Cobb Douglas Production Function.

Cost concepts, Relevant Costs in decision making, Cost-Output relationship in the short and the long run, Economies and Diseconomies of Scale. Economies of scope. Cost Volume Profit analysis - assumptions, uses and limitations.

Unit-III : Market Structure

Kinds of competitive situations - Perfect competition, Monopoly, monopolistic Competition and Oligopoly - features. Equilibrium output determination of a firm under perfect competition in the short run and long run. Equilibrium Price and output determination of a firm under a) Monopoly;

b) Monopolistic Competition in the short-run and long run. Paul Sweezy's kinked demand curve model of oligopoly. Pricing policy and methods - incremental and full cost pricing, loss leader pricing, skimming and penetration pricing policy.

Unit-IV : Introduction to Macro Economics and ECONOMIC PLANNING

Macro Economics, Meaning, Nature, Scope, Importance and Limitations, National Income - Concepts, Methods of Measurement, Real Vs Nominal measure, Problems in Estimation, Significance, CPI and PPI.

Meaning - Types of plans - Main objects of planning in India- Planning Commission and National Development Council - Five Year Plans - Achievements of Five year plans; aggregate Demand and Supply Functions, Keynesian approach.

Unit-V: Output, Inflation and Unemployment

Classical Theory of Interest, Liquidity Preference, Modern theory of Interest - Deriving IS, LM curve, - Equilibrium of IS and Lm - Meaning of Inflation, Types, Effects, Measures - Monetary and Fiscal Policies, Relationship between Inflation and Unemployment - Philips curve, Business Cycles - Phases, Theories of Business cycles, Policy implications, Concepts of Economic Growth and Development (Balance and Unbalanced growth theory, Big-push theory, Rostows stages of Economic Development)

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Suggested readings:

1. Joel Dean : Managerial Economics Prentice Hall of India (Latest edition).
2. Varshney R.L.: Managerial Economics S. Chand & Co. Delhi, Maheshwari K.L.N.
3. Dwivedi D.N. : Managerial Economics, Vikab Pub.
4. Paul Mote & Gupta: Managerial Economics, Tata Mc. Graw Hill, New Delhi.
5. P.L. Mehta : Managerial Economics, Sultan Chand & Co.
6. G.S. Gupta : Managerial Economics, TMH Pub.
7. A.R. Aryasri & V.V. Ramana Murthy: Business Economics for B. Com I year; TMH.
8. Salvator: Managerial Economics
9. Peterson: Managerial Economics

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MODEL QUESTION PAPER
THREE YEAR B Com [Hons] DEGREE EXAMINATIONS
FIRST SEMESTER (CBCS)
Paper - 103: MANAGERIAL ECONOMICS
(Semester Pattern w.e.f. 2015-16)

Time: 3 hours

Marks: 75

SECTION - A
(Short Answer Questions)

1. Write short notes on any FIVE of the following. Each question carries 3 marks.

(Marks: 5X3 = 15)

- a) Managerial economics
- b) Demand function
- c) Giffen's goods
- d) Opportunity Cost
- e) Monopoly
- f) Equilibrium points
- g) Isoquants
- h) Transfer pricing

SECTION- B

Answer any ONE question from each unit

(5 X 12 = 60)

UNIT- I

2. Define managerial economics. Explain its nature and scope?

(Or)

3. What do you understand by elasticity of demand? Explain the factors governing it.

UNIT- II

4. What are Production functions? Explain the theory of Cobb Douglas Production function?

(Or)

5. Explain the features short-run average cost curve and long-run average cost curve.

UNIT- III

6. Compare between monopoly and perfect competition monopoly disappearing from markets. Do you agree?

(Or)

7. What is Oligopoly? Explain Paul Sweezy's kinked demand curve model of Oligopoly?

UNIT- IV

8. What is macro economics. Explain nature, scope and limitations of macro economics

(Or)

9. What is National Income? Explain various methods of measuring it.

UNIT- V

10. What is inflation? Explain types and measure of inflation?

(Or)

11. What is the relationship between inflation and unemployment?

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120 Emanuel

R.P. 23/9/15
Chairman BOS

UNIT - V

10. Pass the rectification entries and show the Suspense Account for the following errors, detected after the preparation of the Trial Balance:
- (a) A cheque for Rs.220 received from a tenant for rent has been entered in the cash book, but the double entry has not been completed.
 - (b) The account of Rama Rao, a debtor for Rs.160 had been written off as bad, but the entry has been made only in the personal account.
 - (c) The discount column on the debit side of the Cash Book Rs.200 had been posted to the credit of Discount Received Account.
 - (d) The Sales Day Book is undercast by Rs.3150.
 - (e) Rs.95 received for commission is not posted to commission account.
 - (f) Goods returned Rs.27, to R.K. and Company, though entered in the Returns Book, is left unposted.

(OR)

11. A company purchased a second-hand machinery on 1st Jan., 2009 for Rs. 37,000 and immediately spent Rs.2,000 on its repairs and Rs. 1,000 on its erection. On 1st July, 2010 it purchased another machine for Rs. 10,000 and on 1st July, 2011, it sold off the first machine purchased in 2009 for Rs. 28,000 and on the same date it purchased another machine for Rs. 25,000. On 1st July, 2012 the second machinery purchased for Rs. 10,000 was also sold off for Rs.2, 000.

Depreciation was provided on the machinery at the rate of 10% on the original cost annually on 31st December. In 2010, however, the company changed the method of providing depreciation and adopted the written down value method, rate of depreciation being 15%.

Give Machinery account for four years commencing from 1st January, 2009. Calculations are to be made to the nearest rupee.

R. P. ✓
23/9/15

Chairman BOS

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