



**Paper: Managerial Economics**  
**University of Sargodha**  
**2017 2<sup>nd</sup> Annual MCOM/TERM**

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**Note: Question # 1 is compulsory. Attempt any four questions from the remaining. All questions carry equal marks.**

**Q No1: Explain the following terms (10 x 2= 20)**

- (i) Types of Business Organizations
- (ii) What is Production Function?
- (iii) Define Inferior Goods
- (iv) Define Linear Programming
- (v) What is snob effect?
- (vi) What is shut down point?
- (vii) What is Quantity Demanded?
- (viii) Define Market Demand Curve
- (ix) What is an accountant profit?
- (x) Write the formula to find Net Present Value

**Q.No.2** Discuss the nature & scope of Managerial Economics with solid arguments.

**Q.No.3** The following table gives the quantities of commodity “A” bought during ten years on corresponding prices.

Years	Quantity (in Tons)	Price (in \$)
2007	770	18
2008	785	16
2009	790	15
2010	795	15
2011	800	12
2012	805	10

2013	810	10
2014	820	7
2015	840	9
2016	850	6

- (i) Estimate the linear demand function for commodity “A”
- (ii) Interpret the results
- (iii) Calculate the price elasticity of demand
- (iv) Forecast the demand at the mean price of the sample

**Q.No.4** Explain a firm’s equilibrium in short run under monopoly. Also discuss how a monopolistic firm determines its equilibrium price and equilibrium quantity when it operates at optimal scale at below optimal scale and at above optimal scale in long run.

**Q.No.5** “A consumer gets equilibrium where the budget line becomes tangent to the highest possible indifference curve”. Explain the statement keeping in view the necessary and sufficient conditions.

**Q.No.6** State and explain Law of Variable Proportion with the help of diagram.

**Q.No.7** Explain Marris’s Model of Managerial Enterprise in detail.

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