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Total No. of Pages : 03

Total No. of Questions : 07

M.Sc.(Fashion Marketing Management) (2018 Batch) (Sem.–1)

BASICS OF ECONOMICS

Subject Code : MSFMM-107-18 (Non Core)

M.Code : 75290

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. **SECTION-A is COMPULSORY** consisting of TEN questions carrying TWO marks each.
2. **SECTION-B consists of THREE Sub-sections : Units-I, II & III.**
3. **Each Sub-section contains TWO questions each, carrying TEN marks each.**
4. **Attempt any FOUR questions, ONE from each Sub-section and fourth from any sub-section.**

SECTION-A

1. Multiple Choice Questions :

- A. The supply and demand model applies when three of the following four conditions are met. Which condition is not required?
 - a) There must be many buyers.
 - b) There must be many sellers.
 - c) The buyers and sellers must trade an identical item.
 - d) The item traded must be a product.
- B. Which of the following could not lead to an increase in price combined with an increase in the quantity traded?
 - a) An increase in demand combined with unchanged supply.
 - b) An increase in demand combined with a decrease in supply.
 - c) A decrease in demand combined with an increase in supply.
 - d) An increase in demand combined with an increase in supply.
- C. Which part of a perfect competitor's short-run marginal cost curve, *SMC*, is also its short-run supply curve, *SS*?
 - a) The whole of the *SMC* curve.
 - b) The whole of the upward sloping part of the *SMC* curve
 - c) The part of the *SMC* curve above its intersection with the *AVC* curve.
 - d) The part of the *SMC* curve above its intersection with the *SAC* curve.

- D. Which of the following must always be equal?
- a) Actual saving and actual investment in a two-sector economy
 - b) Planned saving and planned investment in a two-sector economy
 - c) Actual saving and actual investment in a four-sector economy
 - d) Planned saving and planned investment in a four-sector economy
- E. Which of the following factors might cause a country's consumption function to shift upwards?
- a) A fall in share prices.
 - b) A fall in interest rates.
 - c) Expectations that the economy will soon go into a recession.
 - d) Households deciding to be thriftier.
- F. A profit-maximizing monopolist finds that if it remains open, the best output is 50 a week, but at this output it would make a loss. Under what circumstances should it shut down?
- a) If AR at this output is below SAC
 - b) If AR at this output is below AVC
 - c) If MR at this output is below SAC .
 - d) If MR at this output is below AVC
- G. Which of the following statements about the long-run equilibrium of a profit-maximizing monopolistic competitor is false?
- a) The firm will just break even.
 - b) The firm's SMC curve and its LMC curve will just touch each other at its chosen output.
 - c) The firm's SAC curve and its LAC curve will just touch each other at its chosen output.
 - d) The firm's AR curve and its SAC curve will just touch each other at its chosen output.
- H. In the short-run, which of the following always gets smaller as output increases?
- a) Average fixed cost
 - b) Average variable cost.
 - c) Short-run average cost
 - d) short-run marginal cost

- I. Which of the following circumstances makes it harder for oligopolists to start engaging in cooperation without agreement?
- a) If their industry has very few firms
 - b) If entry to their industry is particularly hard
 - c) If the firms produce strongly differentiated products.
 - d) If demand and input prices are fairly stable
- J. For which of the following does the kinked-demand curve theory not offer an explanation
- a) None
 - b) When an oligopolist might find that its sales fell greatly if it raised its price.
 - c) When an oligopolist might find that its sales increased little if it cut its price.
 - d) When an oligopolist might not change its price, even if the prices of variable inputs changed.

SECTION-B

UNIT-I

- 2. Explain the nature and scope of Managerial Economics.
- 3. Explain some common market operation by central bank.

UNIT-II

- 4. Explain different types of elasticity.
- 5. What is law of variable proportion?

UNIT-III

- 6. Explain different pricing strategies.
- 7. Explain the importance of capital budgeting.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.