UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program : Seventh Semester – Fall 2021

Roll No. ……………

Paper: Managerial Economics **Course Code: COMM-404** **Time: 3 Hrs.** **Marks: 60**

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Q.1. Give short answers of the following: **(10x3=30)**

i. Why is managerial economics important for managers?

ii. What is meant by multivariate optimization? Give an example.

iii. What are qualitative forecasts?

iv. Define income elasticity of demand and describe it for luxuries and necessities.

v. How do we know if a good is normal, inferior or Giffen?

vi. Why do we use regression equations in managerial economics?

vii. What is an isoquant? Describe its slope.

viii. Why do firms under perfect competition earn normal profit in the long run?

ix. What impact has advertisement on the demand curves under monopolistic competition?

x. Differentiate between risk and uncertainty.

Q.2. Answer the following questions. **(3x10=30)**

a. With the help of demand and supply, describe how is market equilibrium achieved in a free market?

b. What is Monopoly? Use diagrams to explain your answer.

c. How can we use the concepts of Net Present Value and Internal Rate of Return in evaluating and deciding which projects can be undertaken?