

PGDBM/MBA 1ST SEMESTER EXAMINATION, 2012

Paper - II : Managerial Economics

Full marks : 80

Time : 3 hrs.

Q.1. Answer any five questions from the following :

(each within 50 words)

$2 \times 5 = 10$

- (a) What is the basic subject matter of the Theory of Production?
- (b) Define the law of equi-marginal utility.
- (c) What is the Arc elasticity of Demand?
- (d) When are internal economies generated in a firm?
- (e) What is the function of a cartel in an imperfect market?

Q.2. Answer any three each within 100 words. $4 \times 3 = 12$

- (i) Explain the concept of Peak Load Pricing.
- (ii) Distinguish between Accounting Profit and Economic Profit.

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- (iii) Under what circumstances does the supply curve shift?
- (iv) Derive the shut-down point of a firm under perfect competition.
- (v) Explain the significance of 'selling cost' in monopolistic competition.

Q.3. Answer *any three* each within 200 words.

6 x3=18

- (i) Describe the three degrees of price discrimination practiced by the monopolists
- (ii) Explain the method of 'last-plus' pricing.
- (iii) Distinguish between 'Future value of present investment' and "Present value of future income" How are they estimated?
- (iv) Explain with diagrams the different levels of price elasticity of demand.
- (v) Mention the various measures of monopoly power.

Q.4. Answer *any four* (Limit your answer within 400 words each)

10x4=40

- (i) Explain how Sweezy explains oligopolist behaviour with his kinked demand model.

- (ii) Explain with illustrations how a profit minimizing firm attain optimal combination of inputs.
- (iii) Discuss the nature and scope of managerial economics.
- (iv) Explain how a monopolist attains equilibrium in both the short and long run.
- (v) Describe Baumol's Theory of Sales Revenue Maximization.
- (vi) Explain with diagrams the law of diminishing returns. State its relevance in business decisions.
