

2010

M. Com.

1st Semester Examination

MANAGERIAL ECONOMICS

PAPER — COM-105

Full Marks : 50

Time : 2 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Unit—I

[Marks — 20]

1. Answer any two questions : 2×5
- (a) Derive the demand curve from the Marshallian Cardinal Utility Approach.
 - (b) Define income elasticity of demand and show how it can be used for classification of commodities.
 - (c) Show that in the short run Average Cost Curve is 'U' shaped.
 - (d) Prove that for a linear homogeneous production function the expansion path will be a straight line through the origin.
2. Answer any one of the following : 1×10
- (a) (i) Show that price effect is the summation of substitution effect and income effect. 5
 - (ii) Show the price effect in case of giffen goods. 5

(Turn Over)

- (b) (i) Distinguish between returns to factor and returns to scale. 4
(ii) State and prove the properties of Cobb-Douglas production function 6

Unit—II

[Marks — 20]

3. Answer any two of the following : 2×5
- (a) Discuss the 'break even' and 'shut down' points under perfect competition.
- (b) Prove that profitable price discrimination is possible in two markets only when the elasticities of demand differ in the two markets.
- (c) Solve the following constant sum game.

| | | Player B | | |
|----------|----|----------|----|-----|
| | | I | II | III |
| Player A | I | 4 | 7 | 5 |
| | II | 3 | 8 | 10 |

- (d) State and elaborate upon the importance of Hawkins-Simon conditions in a Leontief Static open input-output model.
4. Answer any one question : 1×10
- (a) (i) Show how the equilibrium output levels are determined in the Cournot model of duopoly. 6
(ii) Is the equilibrium stable? Give reasons. 4
- (b) (i) Show that a monopolist does not have a supply curve.
(ii) Establish the equilibrium position of a discriminating monopolist under the following situation.
 $p_1 = 80 - 5q_1$; $p_2 = 180 - 20q_2$ and
 $c = 50 + 20(q_1 + q_2)$. 4+6

[Internal Assessment : 10 Marks]