2013

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 of the following : 5×2

(a) What is an indifference curve? State and prove its properties. 2+3

(b) A consumer wants to spend his total income M on the purchase of two commodities X and Y whose prices are given. Show with the help of indifference curves how much of these two commodities he/she will buy so that his/her satisfaction is maximum. 5

(c) What is elasticity of substitution ? Show that for the Cogg-Douglas promotion function the elasticity of substitution is unity.

2+3

(d) State the relation between average cost, and marginal cost. Derive the conditions that a firm must satisfy in order to maximize profit.

2+3

2. Answer any *one* of the following : 10×1

(a) (i) Why is the short-run average cost curve U-shaped ? Explain clearly with illustrations.

(ii) Can it over take the shape of L ? If so, when ? Explain.

6+4

(b) (i) What is an iso-quant curve ?

(ii) Derive the conditions for determining the optimum (the least cost) Combination of inputs uses to produce a given amount of output. Explain with diagrams.

(iii) Give the economic interpretation of this condition.

(iv) What is the expansion path of a firm ?

2+4+2+2

Unit—II

[Marks : 20]

3. Answer any *two* questions from the following : 5×2

(a) Distinguish between pure competition and perfect competition. Distinguish between very short-run short-run and long-run in economic analysis. 3+2

(b) State and derive the conditions for short-run and long-run equilibria for a firm in a perfectly competitive market. 2+3

(c) What is oligopoly ? Explain that characteristic features of oligopoly. 2+3

(d) Explain any *two* of the following :

(i) Optimum strategy in the theory of games;

(ii) Pay-off matrix;

(iii) The Hawkins-Simon conditions. $2\frac{1}{2}+2\frac{1}{2}$

4. Answer any *one* of the following : 10×1

(a) Test whether the input-output system given below satisfies the Hawkins-Simon Conditions.

Calculate the final output that must be produced by the industries to meet the final demand. Also Calculate the total labour requirement.

	Inputs to Industry 1	*Inputs to Industry 2*	*Final demand*
Industry 1	0·10	0·46	50
Industry 2	0·16	0·17	60
Labour Service	0·04	0·33	.....

3+5+2

(b) (i) Explain the concept of Saddle Point.

(ii) Reduce the following game by dominances and find the value of the game. Does the game have a saddle point ?

Player B

Strategies

		I	II	III	IV
	Strategies				
	I	3	2	4	0
Player A	II	3	4	2	4
	III	4	2	4	0
	IV	0	4	0	8

2+6+2

[Internal Assessment : 10 Marks]