2015

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 :   2×5

   (a) Define own price elasticity, income elasticity and cross elasticity. Draw the demand curves which are (i) perfectly elastic and (ii) perfectly inelastic.   3+2

   (b) What is utility ? What is the law of diminishing marginal utility ? State a few cases where this law will not hold.   2+2+1

(c) What is an indifference curve ? Derive the conditions of consumer's equilibrium. Give the economic interpretation of this condition.   1+2+2

(d) Draw the TFC curve and hence show the AFC curve. Explain the shapes of both the TFC curve and the AFC curve.   5

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

    (a) (i) What is an isoquant curve ?

        (ii) A firm produces a product. It wants to minimize the unit cost of production. How would it determine the lowest cost combination of inputs (labour and capital), for a certain quantity of output ?

        (iii) Give the economic interpretation of this condition.
                2+6+2

    (b) (i) What is a production function ?

        (ii) Write the Cobb-Douglus production formula indicating its parameters.

        (iii) State its properties (at least *four*).
                2+2+6

Unit—II

[Marks : 20]

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

    (a) What are the basic features of a perfectly competitive market.

    (b) How can you explain the fact that the monopolist will attain equilibrium only at the elastic zone of the demand curve ?

    (c) Explain the features of an oligopoly market.

    (d) Determine the optimum strategies for the two players X and Y and find the value of the game for the following pay off matrix :

    Player Y

    $$\text{Player X} \begin{bmatrix} 3 & -1 & 4 & 2 \\ -1 & -3 & -7 & 0 \\ 4 & -6 & 2 & -9 \end{bmatrix}.$$

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

    (a) (i) Mentioning the basic features of Monopoly. Derive the relationship between AR, MR, and elasticity of demand.

    (ii) Derive the condition of equilibrium of price discriminating monopolist.

    5+5

(b) You are given the following information of an economy consisting of three industries X, Y and Z :

	X	Y	Z	Bill of final consumption
X	0·1	0·3	0·1	20
Y	0	0·2	0·2	0
Z	0	0	0·3	100

Find out the output level consistent with the above information. 10

[Internal Assessment : 10]