

[This question paper contains 3 printed pages.]

Your Roll No.....

Sr. No. of Question Paper : **6823**

Unique Paper Code : **61011203**

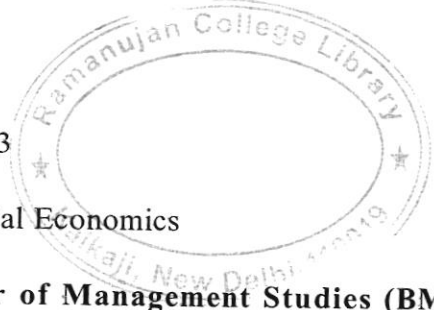
Name of the Paper : **Managerial Economics**

Name of the Course : **Bachelor of Management Studies (BMS),
2023 LOCF**

Semester : **II**

Duration : **3 Hours**

Maximum Marks : **75**



Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **five** questions.
3. **All questions** carry equal marks.

1. Answer **any three** : (3x5=15)
 - (a) The utility approach to consumer demand theory is based on the assumption of cardinal utility, while the indifference curve approach is based on ordinal utility. Which approach is better? & Why?
 - (b) From the Demand Function $D_x = 12 - 2P_x$, derive
 - (i) the individual demand schedule and
 - (ii) maximum quantity that the individual will demand of X.

P.T.O.

- (c) What is a production function? How does a long run production function differ from short run production function?
- (d) Differentiate between the arc method and point method of elasticity estimation. Explain with an example.
- (e) If the Demand function is given by $Q_d = 70 - 10P_X$ and Supply function is given by $Q_s = -200 + 80P_X$, find equilibrium price and quantity.
2. (a) Suppose a consumer spends his entire income on the purchase of two goods. Explain why a consumer will choose a market basket so that the MRS between two goods is equal to their price ratio. (7)
- (b) Draw the indifference curve when
- (i) One commodity is bad and the other is good
 - (ii) When both commodities are bad
 - (iii) When both goods are perfect substitutes.
 - (iv) When both goods are perfect complements. (8)
3. (a) What are the three stages of production? In which stage of production does a producer produce and why? Explain with the help graphs. (7)
- (b) (i) Explain Marginal Rate of Technical Substitution (MRTS).
- (ii) Can a firm have a production function that exhibits increasing returns to scale, constant returns and decreasing returns to scale as output increases? Explain with the help of suitable graphs. (4 + 4 = 8)
4. (a) Explain the shapes of short run cost curves. Analyse the relationship between average cost (AC), average variable cost (AVC) and marginal cost (MC). Explain with the help of graphs. (7)
- (b) Derive LAC from short run cost curves. Also explain why LAC curve is flatter than short-run cost curves? (8)

5. (a) "Long-run equilibrium for a firm under perfect completion occurs at a point where price is equal to the minimum long run average cost. "Explain. (7)
- (b) What is price discrimination?. Explain different types of price discrimination. (8)
6. Write short notes **on any three:** (3x5=15)
- (i) Ridge Line
 - (ii) Characteristics of long run equilibrium under monopolistic competition.
 - (iii) Learning Curve
 - (iv) Social cost of monopoly
 - (v) Kinked demand curve model