

S.No. of Q. Paper: 9245

Unique Paper Code: 61011203

Name of Paper: Managerial Economics

Name of Course: Bachelor Of Management Studies CBCS-LOCF

Semester: II

Duration: 3hrs

Maximum Marks : 75

**Instructions for Candidates**

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Question no. 1 is compulsory.
3. Attempt any 4 questions from Question no. 2, 3, 4, 5, 6

Q1. Write a short note on any 3

5 X 3

- a. Explain Law of Demand? Give exception to the Law of Demand.
- b. What is your understanding of movement along the demand curve and shift in the demand curve?
- c. Why supply curve is upward sloping?
- d. Comment on the oval shape of isoquant.
- e. If the weekly demand of Rice at the current prevailing price of Rs. 45/Kg is 2000 Kgs and the supply is 1400 Kgs then state if the market is at equilibrium and if not how equilibrium will be achieved?

Q2.

- a. Demand curve is downward sloping because of the "law of diminishing marginal utility." Explain using diagrams. 8
- b. If the demand curve for coffee is  $Q = 100 - 0.5P$  and the current price in the market is Rs. 10.
  - i. Calculate point price elasticity of demand. 3
  - ii. If the price increase from Rs. 10 to Rs. 12 then will the point price elasticity of demand will change or remain same, in case it changes then give reason for such change. 4

Q3.

- a. A consumer consumes two goods, Good X and Good Y, with a decrease in the price of Good X the consumer starts consuming more of Good Y, comment on the type of Good X & Good Y and show the effect of price decrease of Good X bifurcated into substitution effect and income effect. 7
- b. A producer has a production function  $Q = 20K^{1/4}L^{3/4}$ . Show different stages of operation in short run where only labor is a variable factor, if the producer starts with 1 unit of Capital and 1 Unit of Labor. Comment on each stage for this producer. 8

Q4.

- a. How would a producer in monopoly decide profit maximizing quantity given that elasticity of demand is more than one? Explain in detail. How it will be different from a producer who is in perfect competition? 8

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b. What do you understand by third degree of price discrimination? Explain in detail. How it is different from second degree of price discrimination? 7

Q5.

- a. Comment on the kinked demand curve faced by a producer in Oligopoly? How equilibrium is reached by the producer? 7
- b. How a producer in monopolistic competition reaches equilibrium? What is the concept of excess capacity? 8

Q6.

- a. Define Pareto Optimality in an economic context. Explain the three conditions for overall Pareto optimality in an economy with both exchange and production. 7
- b. Define and thoroughly explain the concept of General Equilibrium. What are the key assumptions underlying a general equilibrium framework, and how does it differ fundamentally from the partial equilibrium analysis typically employed in introductory microeconomics? 8

