

[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 1488

F-7

Your Roll No.....

Unique Paper Code : 1091303

Name of the Paper : MANAGERIAL ECONOMICS

Name of the Course : B.M.S.

Semester : III

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 any five questions.

1. (a) A monopolist never operates in the inelastic range of its demand curve. True or False. Explain.

(b) If the income elasticity of demand for commodity X is -0.5 , then the Engels curve will be upward sloping. True or False. Explain.

(c) If the total product curve is a straight line through the origin, what will be the average product and managed product curve look like ?

(5×3=15)

2. (a) "All Giffen goods are inferior but all inferior goods are not Giffen goods". Explain using diagrams. (9)

(b) When does a consumer maximize his satisfaction under the cardinal utility approach ? (6)

3. (a) When the law of diminishing return operates, efficient production occurs at or beyond the level of output at which average product equals marginal product and total product is rising. Explain using diagrams. (7)

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- (b) A competitive firm faces the cost function given by $C = 100 + Q^2$ where Q is the level of output and C is the total cost. If the price prevailing in the market is Rs. 60
- (i) How many units of output should the firm produce ?
 - (ii) How much profit does it make ?
 - (iii) Derive the supply of this firm. (2,3,3)
4. (a) Explain with examples the concept of economies and diseconomies of scale. How do economies and diseconomies determine the shape of LAC ? (8)
- (b) Use the isoquant and isocost curves to explain how a producer minimizes his cost for a given level of output ? (7)
5. (a) Excess capacity is inversely related to the price elasticity of demand faced by a monopolistically competitive firm. True or False. Explain with the help of a diagram. (8)
- (b) "Efficiency and Pareto optimally are not achieved whenever private and social costs or benefits differ." Discuss. (7)
6. Write short notes on any **three** of the following :
- (a) Determinants of price elasticity of demand
 - (b) Kinked demand curve model of oligopoly
 - (c) Increasing cost industry
 - (d) Dead weight loss under monopoly (5×3=15)