

MBA (FT/PT) First Semester University End Semester Examination March 2021
20-371-0103(FT)/20-372-0103(PT): Managerial Economics
(Regular)

Time: 3Hrs

Max. Marks: 50

PART A(Answer **ALL** questions, Each Question carries 2 marks each)**Define each of the terms in a short paragraph**

1. Consumer's surplus
2. MRS
3. Prisoner's dilemma
4. Income effect
5. Law of variable proportion

(5*2=10)**PART B**(Answer **ANY FIVE** questions. Each Question carries 4 marks each)

6. What is indifference curve? What are the properties of indifference curves? What role does it play in consumer analysis?
7. Define Oligopoly. What is the basic difference between oligopoly and monopolistic competition? In which of the two kinds of markets price and output are intermediate?
8. What is Elasticity of Demand? Explain Price, Cross and Income Elasticity of Demand used in managerial decision making process.
9. The demand function of a product is given as $Q = 500 - 5P$. Find out the point price elasticity demand when (a) $P = \text{Rs. } 15$ and $Q = 200$ (b) $P = \text{Rs. } 50$ and $Q = 200$
What inferences do you draw from the results when the price of a commodity increases from Rs.15 to Rs.50, the quantity demanded remaining constant?
10. It is believed that a firm under a perfect competition is a price-taker and not a price-maker." Explain giving examples.
11. Explain law of return to scale with the help of isoquants.
12. How is price and output determination under monopoly different from that under perfect competition?

(5*4=20)**PART B**(Answer **ANY TWO** questions. Each Question carries 2 marks each)

13. Draw a budget line and then draw an indifference curve to illustrate the satisfaction-maximizing choice associated with two products. Use your graph to answer the following questions.
 - a) Suppose that one of the products is rationed. Explain why the consumer is likely to be worse off.
 - b) Suppose that the price of one of the products is fixed at a level below the current price. As a result, the consumer is not able to purchase as much as she/he would like. Can you tell if the consumer is better off or worse off?
14. Will an increase in the demand for a monopolist's product always result in a higher price? Explain, and also explain price discrimination.
15. Explain and substantiate the various types and degrees of elasticities with suitable examples.

(2*10=20)