

21/425-F

M.B.A. (BE) (First Semester)

Examination, 2021

Paper : FMS-104

(Managerial Economics)

Time : Three Hours] [Maximum Marks : 75

Note : Attempt questions from **all** sections as per instructions.

Section - A

Note : Attempt **all** questions. Give answer of each question in about 50 words.

1½×10=15

1. (i) Describe differential Pricing.
- (ii) Define Income elasticity of demand.
- (iii) Write the production function for short run and long run.
- (iv) Briefly discuss the use of demand forecasting.
- (v) Write the characteristics of oligopoly.
- (vi) Explain average cost and marginal cost.
- (vii) What is the importance of ethics in economics?

P.T.O.

(2)

- (viii) Explain various factors of production.
- (ix) Write a short note on 'Incremental Pricing'.
- (x) What are different forms of market?

Section-B

Note : Attempt **all** questions. Give answer of each question in about 200 words.

6×5=30

2. Define Elasticity of demand. Discuss various types of elasticity.

OR

A consumer purchases 100 units of a commodity when its price is Rs. 20 per unit and purchases 60 units when its price rises to 30Rs. per unit. What is the price elasticity of demand for the commodity?

3. Describe Shumpeter's innovation theory in detail.

OR

Explain Clark's Dynamic theory of profit in detail.

4. Define the following :
 - (a) Demand and its determinants
 - (b) Law of demand and its exceptions

21/425-F

(3)

OR

Consider the following cost function -

$$C = 6 + 2q + q^2$$

where, q is level of output and C denotes the cost of the firm.

- (i) What is firm's fixed cost
 - (ii) Derive an expression for firm's variable cost and marginal cost.
5. "Profit can be maximised by minimising cost and maximising output". Explain the above statement.

OR

Calculate the price elasticity of demand for the function

$$P = 16 - q - 0.5q^2,$$

when, q = 4

where,

P is the price level and q is the output level.

6. Write short notes on following :
- (a) Cost plus Pricing
 - (b) Product line Pricing
 - (c) Pioneer Pricing

OR

Given the production function $Q = 2.K^{1/3}.L^{2/3}$ find the output level when 8 units of capital and 27 units of labour are used.

21/425-F

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(4)

Section-C

Note : Attempt any **two** questions. Give answer of **each** question in about **500** words. 15×2=30

- 7. What is Monopoly? Discuss its features. Explain the price and output determination in long run under monopoly.
- 8. Given the following total cost function $TC = 1500 + 15Q - 6Q^2 + Q^3$ Determine total variable cost (TVC), average variable cost (AVC), marginal cost (MC) and average cost (AC) at 100 units of output. <https://www.vbspustudy.com>
- 9. Define managerial economics. Explain the nature and scope of managerial economics in detail.
- 10. A firm's revenue and total cost functions are following $R = 80Q$ $C = 20 + 10Q^2$ What will be the profit maximising output (Q) and total profit of the firm.
- 11. Define 'Law of returns'. Explain various returns to scale with diagram.

21/425-F