

K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,
Vidyavihar, Mumbai- 400077

Program: PGDM - COMM (Batch2019-21), Trimester-I
Subject: Managerial Economics
(End Term Examination)

Maximum Marks: 50 Marks
Duration: 3 hours

Date: 30th Sept, 2019

Instructions

Attempt any five of the following questions.

Q 1. “Higher the price lower will be the quantity demanded and vice versa ceteris paribus.” Explain (10)

Q 2. (a) “Managerial economics is the integration of economic theory with business practices for the purpose of facilitating decision making and forward planning.” Explain (5)

(b) Suppose the demand function of X is given by $Q_{dx} = 8000 - 1,000P_x$, ceteris paribus and the supply function is $Q_{sx} = 1,000 P_x$, ceteris paribus. (5)

- i. Find the equilibrium price and quantity.
- ii. If there is an increase in consumer's income $Q_{dx} = 12,000 - 1000 P_x$, state the new equilibrium price and quantity.

Q 3. Explain the laws of returns to scale with the help of Isoquants? What causes Decreasing to Scale beyond a certain point (10)

Q 4. (a) The falling portion of the Long-run average cost curve is due to economies of scale Explain (5)

(b) The short –run total cost function is given as $TC = 100 + 50Q - 12Q^2 + Q^3$ Determine

- i. Total fixed cost function ,Total variable cost function ,Average variable cost function, Average total cost function and Marginal cost function
- ii. Calculate TC,ATC, TVC,AVC and MC when the firm produces 10 units of output (5)

Q 5. A monopolist can earn supernormal profits or make losses in the short run. Explain (10)

Q 6. Write short notes in ***any two*** of the following 2 x 5 = 10 marks

- (a) Dynamic pricing
- (b) Degrees of price discrimination
- (c) Production function
- (d) Kinked demand curve

-----End of Paper-----