

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

**Program: PGDM -COMM (Batch2018-20), Trimester-I**  
**Subject: Managerial Economics**  
**(End Term Examination)**

**Maximum Marks: 50 Marks**

**Duration: 3 hours**

**Date: 20-09-2016**

**Instructions**

**Attempt any five of the following questions.**

**Q 1. (a)** Explain consumer's equilibrium with the help of Indifference curve approach. (5)

(b) What is total revenue method of measuring elasticity of demand? Suppose the price of a good falls from Rs 15 to Rs 12 per unit. As a result, its quantity demanded increases from 90 units to 120 units. Tell whether demand for a good is elastic, inelastic or unitary elastic with the help of total revenue method. (5)

**Q 2.** "Higher the price lower will be the quantity demanded and vice versa ceteris paribus." Explain (10)

**Q 3.** What is Production Function? Explain the law of Returns to Scale? (10)

**Q 4. (a)** Long run average cost curve is an envelope of short-run average cost curves. Explain (5)

(b) The short –run total cost function is given as  $TC=200+50Q-12Q^2+Q^3$  Determine

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

**Q 5.** (a) Explain the determination of equilibrium level of income and output in the short –run under Monopoly. (5)

(b) What is the role of non-price strategies like advertising in Oligopoly? Why are they important? (5)

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

(a) Price Discrimination

(b) Nature of Managerial Economics

(c) Opportunity cost

(d) Peak load pricing and surge pricing

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