

K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,

Vidyavihar, Mumbai- 400077

Program: PGDM-Exec (Batch2017-18), TRI-I

Subject: Managerial Economics

(End Term Examination)

Maximum Marks: 50

Date: Dec 4th 2017

Duration: 3 hrs

Instructions

Attempt **any five** of the following

1. Explain consumer's equilibrium with the help of the indifference curve approach?
2. Show with the help of the isoquant- iso cost apparatus that a firm is in equilibrium with regard to the use of factors when the ratio of the marginal product of factors to their respective prices is equal.
- 3 a) Suppose for a monopolist the following demand and total cost functions are given. Find out how much he will produce and what price he will charge.
$$Q = 360 - 20P \text{ (Demand Function)}$$
$$TC = 6Q + 0.05Q^2 \text{ (Cost Function)}$$
- b) Compare and contrast the price and output determination of a competitive firm with that of a monopoly? How are they different.
4. Read the case given below and answer the following questions

Blood Bath in the Indian Telecom Sector

Recently Billionaire Anil Ambani chairman of Reliance Communications Ltd, referring to the Indian Telecom sector remarked that the telecom sector was in intensive care and warned that the sector was heading towards a towards a monopoly with the entry of elder brother Mukesh Ambani's Reliance Jio Info comm Ltd. Noting that the number of operators has reduced to six from over a dozen over the years, there was a sharp erosion in competitive landscape where nearly all global companies who were there have exited. Warning that the industry is heading

towards a monopolistic situation, he said “If customer is supreme and consumer is king, can we afford to be a oligopoly, a duopoly or a monopoly?”

Critically analyse the Indian Telecom sector and the risks involved for the end user if the industry heads towards becoming a monopoly? In this scenario will the economic welfare of the end user be maximized?

5. Examine the case of excess capacity associated with monopolistic competition

6. Explain diagrammatically the kinked demand curve model and examine the reasons for the prevalence of price rigidity.

7. Write a short note on the following

a) The concept of expansion path

b) The conditions under which price discrimination is feasible.
