

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

Program: MMM(Batch2018-21), Semester-II
Subject: Managerial Economics
(End Term Examination)

Maximum Marks: 50 Marks

Duration: 3 hours

Date: 15-04-2019

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) Explain consumer’s equilibrium through Indifference curve analysis. (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.
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.** Show three kinds of Returns to scale with help of Isoquants? Why do we get initially increasing returns to scale and eventually decreasing returns to scale (10)
- Q 4** (a) Explain why the short-run average cost curve is U-shaped. (5)
(b) “A Monopolist can earn supernormal profits in the long-run.” Explain (5)
- Q 5.** Explain the determination of equilibrium level of price and output under Perfect competition in the short-run.(10)
- Q 6.** Write short notes on *any two* of the following 2 x 5= 10 marks
(a) Cost-based pricing
(b) Opportunity cost
(c) Kinked demand curve
(d) Characteristics of Oligopoly
