

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

**Program: PGDM - IB(Batch2016-18), Trimester-I**  
**Subject: Managerial Economics**  
**(End Term Examination)**

**Maximum Marks: 50 Marks**

**Duration: 3 hours**

**Date: 26-09-2016**

**Instructions**

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

**Q1.** “Higher the price lower will be the quantity demanded and vice versa ceteris paribus.” Explain (10)

**Q2.** (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)

**Q3.** Explain the law of Variable proportions? Explain why Stage II is considered as the rational production decision making stage? (10)

**Q 4.**(a) The 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  $TC=100+50Q-12Q^2+Q^3$  Determine
- Total fixed cost function , Total variable cost function , Average variable cost function and Marginal cost function
  - Calculate TC, ATC, AVC and MC when the firm produces 10 units of output (5)

**Q5.** Explain the determination of equilibrium level of income and output in the short – run under Perfect Competition. Describe the shutting down point of a firm under Perfect Competition (10)

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

- Production function
- Kinked demand curve
- Opportunity cost
- Characteristics of Monopolistic Competition

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