

POST-GRADUATE COURSE
Term End Examination : June, 2017
COMMERCE

Paper-II : Managerial Economics

Time : 2 Hours

Full Marks : 50

(Weightage of Marks : 80%)

Special credit will be given for accuracy and relevance in the answer. Marks will be deducted for incorrect spelling, untidy work and illegible handwriting. The weightage for each question has been indicated in the margin.

MODULE – I

Answer any *two* questions : $12\frac{1}{2} \times 2 = 25$

1. Discuss the identification problem in relation to demand estimation. Explain how this problem may be overcome. $12\frac{1}{2}$
2. Discuss the merits and demerits of multi-plant operation. Explain the issues related to cost minimisation of a multi-plant operation. $12\frac{1}{2}$

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3. The equation of an iso-quant is given as $Q = 16K^{\frac{1}{4}}L^{\frac{3}{4}}$. Determine the marginal rate of technical substitution (MRTS) at $K = 4, L = 3$.

$12\frac{1}{2}$

4. Prove if the following functions are concave or convex at $x = 3$.

a) $y = -2x^3 + 4x^2 + 9x - 15$

b) $y = (5x^2 - 8)^2$ $12\frac{1}{2}$

MODULE – II

Answer any *two* questions : $12\frac{1}{2} \times 2 = 25$

5. Briefly discuss the major features of a monopoly market. Explain how dominant firms exercise monopoly power over the fringe suppliers. $12\frac{1}{2}$
6. Critically discuss how a state can deal with anti-competitive practices. $12\frac{1}{2}$

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7. Write a short note on cost-plus and mark-up pricing. 12 $\frac{1}{2}$
8. Consider a single product firm for which the demand function is $p = 100 - q$ and total costs are $C = q^2$:
- a) Find out the profit maximising price, output and profit of the firm.
- b) If the firm is a Baumol sales revenue maximiser, what is the choice of price and output if the MALP is 800 ? 12 $\frac{1}{2}$
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