

FIRST SEMESTER

END SEMESTER EXAMINATION **Nov/Dec-2019**

PAPER CODE: MGT- 14

TITLE OF PAPER: MANAGERIAL ECONOMICS

Time: 3:00 Hours

Max. Marks : 60 marks

Note : 1. Attempt any four questions from section A where each question carries ten marks  
 2. Attempt any four questions from section B where each question carries five marks.

SECTION A

Q.1 Explain the degrees of price discrimination. How is peak load pricing a form of price discrimination? [10]

Q.2 [a] Explain why an MRS between two goods must equal the ratio of the price of the goods for the consumer to achieve maximum satisfaction.

[b] Suppose that a consumer spends a fixed amount of income per month on the following pair of goods:

- (i) movie tickets and gourmet coffee
- (ii) travel by bus and travel by subway

If the price of one of the goods increases, explain the effect on the quantity demanded of each of the goods. In each pair which are likely to be complements and which are likely to be substitutes.

[5+5]

Q.3 How price and output is determined under perfectly competitive market in short run. Explain in all cases [10]

Q.4 A producer is always in equilibrium when his marginal revenue is equal to its marginal cost. Do you agree with this statement? Illustrate in detail. [10]

Q.5 Write a short note on the following topics: [10]

- [a] Bundling
- [b] Producer's stage of operation
- [c] Time series method of demand forecasting
- [d] Economies of scale
- [e] Limit Pricing

### SECTION B

Q.6 What do you mean by Cash Reserve Ratio? How does it increase the money supply in the economy? [5]

Q.7 State the assumptions of ordinal analysis. Why does marginal rate of substitution declines in indifference curve? [5]

Q.8 Define cardinal approach? Explain the law of diminishing marginal utility in detail, with the help of diagram. [5]

Q.9 Explain any two short run cost curves with help of diagram. [5]

Q.10 Explain cartel formation under oligopoly. What does kinked demand curve under oligopoly imply? [5]