



Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS/MBA (OLD)/SEM-2FT&4PT/MB-201/2010**

**2010**

**MANAGERIAL ECONOMICS – II ( MICRO )**

Time Allotted : 3 Hours

Full Marks : 70

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words as far as practicable.*

**GROUP – A**

**( Multiple Choice Type Questions )**

1. Choose the correct alternatives for any *ten* of the following : 10 × 1 = 10

- i) Product homogeneity is a condition in
  - a) monopoly
  - b) duopoly
  - c) perfect competition
  - d) oligopoly.
- ii) SMC cuts MR in perfect competition from
  - a) above
  - b) left
  - c) below
  - d) right.
- iii) Kinked demand is explained by
  - a) Chamberlain
  - b) Smith
  - c) Sweezy
  - d) Marshall.



- iv) Indifference curve supports utility functions, which are
- a) ordinal
  - b) normal
  - c) cardinal
  - d) mathematical.
- v) Revealed preference believes
- a) weak ordering
  - b) normal ordering
  - c) strong ordering
  - d) no ordering.
- vi) In perfect competition firm will expand production in short-run if
- a)  $MC > MR$
  - b)  $MC = MR$
  - c)  $MC < MR$
  - d) MR is vertical.
- vii) Right angled isoquant means inputs are
- a) substitutes
  - b) costly
  - c) non-substitutues
  - d) cheap.
- viii) Envelop curve is
- a) SAC
  - b) TVC
  - c) LAC
  - d) LMC.
- ix) Oligopoly means
- a) many
  - b) large number
  - c) a few
  - d) only two.
- x)  $MR = MC = P$  is applicable in
- a) monopoly
  - b) duopoly
  - c) perfect competition
  - d) oligopoly.
- xi) Indifference curves are
- a) negatively sloped
  - b) positively sloped
  - c) convex and negatively sloped
  - d) concave.
- xii) MU principle was established by
- a) Ricardo
  - b) Samuelson
  - c) Marshall
  - d) Keynes.



**GROUP – B**

**( Short Answer Type Questions )**

Answer any *three* of the following.  $3 \times 5 = 15$

2. Define the concept of consumer's surplus. Show graphically.
3. What is cross elasticity of demand ? Give suitable example.
4. Distinguish between perfect competition and monopoly.
5. State the law of demand with the help of schedule and demand curve.
6. Differentiate between fixed cost and variable cost. Give example.

**GROUP – C**

**( Long Answer Type Questions )**

Answer any *three* of the following.  $3 \times 15 = 45$

7. a) What is meant by an indifference curve ? State the properties of an indifference curve. 8
- b) Discuss the equilibrium of a consumer on an indifference curve 7
8. a) Determine price elasticity of demand from the slope of the price consumption curve —
  - i) when the price consumption curves slopes upwards to the right 9
  - ii) when it has a horizontal slope. 9
- b) Draw an Engel curve and state its significance. 6



9. a) A firm has the following form of production function :  
 $Q = 7L^{0.5} K^{0.5}$ ; the price of the labour  $L$  is Re. 1 per unit, & that of capital  $K$  is Rs. 4 per unit.
- i) Find out the maximum output attainable for a budget of 200. 9
- ii) Find the minimum cost of producing 100 units of output. 9
- b) Explain the different returns to scale on the basis of an expansion path. 6
10. a) State the different sources of monopoly power. 4
- b) What is third degree price discrimination ? 3
- c) A monopolist is deciding to sell its product in two different markets. Demand and marginal revenue for the two markets are given as —  
 $P_1 = 15 - Q_1$      $MR_1 = 15 - 2Q_1$   
 $P_2 = 25 - Q_2$      $MR_2 = 25 - 2Q_2$   
 The monopolist's total cost is  
 $C = 5 + 3(Q_1 + Q_2)$
- What are the equilibrium prices and quantities of the price discriminating monopolist ? Also find the profit of the monopolist. 8
11. a) Derive long-run supply curve in increasing cost industry in a perfectly competitive market. 10
- b) Why is a short-run average cost curve U shaped. 5
12. a) What do you mean by oligopoly ? 3
- b) What is Cournot solution equilibrium ? Why is the Cournot equilibrium stable ? 12