[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 149　　　　　　　　　**Roll No**.............

Unique Paper Code　　　　: 101203

Name of the Course　　　 : **BFIA**

Name of the Paper　　　　: Managerial Economics

Semester　　　　　　　　: II (2014)

Duration　　　　　　　　: 3 Hours

Maximum Marks　　　　　: 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.

2. Attempt **all** questions.

3. All questions carry equal marks.

1. True or False. Explain :

　(a) An increase in income of the consumer will always shift his budget line to the right.

　(b) Indifference curves are strictly concave to origin.

　(c) A decrease in both demand and supply of a commodity will always decrease the quantity and increase the price of the commodity.　　　　(3×5=15)

2. (a) Why is the SS curve of labour backward bending. Explain with diagrams.　　　　　　　　　　　　　　　　　　(8)

　(b) How Price and output is determined in the monopolistic competition ? (7)

3. (a) A monopolist does not have a supply curve. Explain with diagrams.　(8)

　(b)　(i) Explain in brief about the factors which affect the price elasticity of demand.　　　　　　　　　　　　　　　(4)

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(ii) The price of a commodity falls by 20 percent and the price elasticity of demand is −0.8. Find the percentage change in revenue. (3)

4. (a)   (i) The marginal product of the last worker employed by a firm is 60 units of output and the wage is Rs. 40, while the marginal product of the last machine rented by the firm is 80 units of output and the rent is Rs. 40. Is this firm maximising profits? If not, how can it do so ? Explain your answer. (3)

(ii) Why do prices tend to be sticky under oligopoly ? Explain with diagram. (5)

(b) A perfectly competitive firm has the following cost in the short run

Output	0	1	2	3	4	5	6	7	8	9	10
Total Cost	60	80	100	120	140	160	186	210	250	275	310

(i) How much output does this firm sell when the price is Rs. 35, and how much profits does it make ?

(ii) At what price does this firm break even ?

(iii) How much output does this firm sell and how much profits does it make when the price is Rs. 16. (3,2,2)

5. Write short notes on :

(a) Price discrimination under monopoly

(b) Expansion Path

(c) Modern Theory of Costs

(d) Shut Down Point

(e) Excess capacity (3×5=15)

(100)