

B/JI/07
PG CO-II

POST-GRADUATE COURSE
Term End Examination — December, 2008

M.Com.
MANAGERIAL ECONOMICS
PAPER II

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
Group - A

Answer **any one** question : 15×1=15

1. Write a shortnote on Product Life Cycle as a guiding factor regarding a firm's pricing, marketing and advertising policies.

Do you think elasticity (price or income) for the same product differs between the short-run and the long-run? How is product-line pricing related to cross-price elasticity? 10+3+2=15

2. Bring out the relationship among total cost, average cost and marginal cost in both short and long runs. For a single product firm find the relationship between scale elasticity, cost elasticity and economies/diseconomies of scale. 10+3+2=15

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Group - B

Answer **any one** question : 10×1=10

3. How Regression Analysis may be meaningfully used for demand estimation? What other methods may be utilised? 7+3=10
4. As alternative method of cost estimation comment on the Engineering Analysis and compare it with statistical cost estimation. 6+4=10
5. State the Lancaster's approach to consumer theory in a two characteristic case. In this context examine the possibility of launching a new product. 7+3=10

Module II
Group - A

Answer **any one** question : 15×1=15

6. Examine the nature of a "Public Good". In the case of externality how does the Coase Theorem bring Pareto-optimum allocation of resources? How can you overcome its limitations? 2+9+4=15
7. What do you mean by Pure Monopoly? Does it exist in reality? Give examples. When the monopoly product is not patented how does a dominant monopoly firm behave in the market with the fringe firms? 3+2+10=15

Group - B

Answer **any one** question : 10×1=10

8. Discuss the problem of 'externality' in economics. What role can a state play to deal with such problems? 6+4=10

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9. What are the functions of advertisement? How does it differ according to market structure? Does it affect economic welfare? 4+3+3=10
10. If demand curve of a commodity is $p = 20 - q$ and the total cost curve is $c = q^2 + 8q + 2$, find out
- (a) Profit-maximising output.
 - (b) Price, profit and sales at this point.
 - (c) For what value of q , will sales be maximum?
 - (d) What will be the price, profit and sales then?
 - (e) If profit does not fall below Rs.8, what will be the output to maximise sales? 2×5=10
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