Post-Graduate Course

Term End Examination – 2006   Part-I

M. Com.

Managerial Economics

Paper - II

Time : Two 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

Marks – 25

Group — A

Answer *any one* question.

1. Explain Regression Analysis as a statistical method for demand estimation. What other methods may be utilised ?
8+7=15

2. Bring out the relationship among total cost, average cost and marginal cost in both short and long run. For a single product firm find the relationship between scale elasticity, cost elasticity and economics / diseconomics of scale.
4+4+4+3=15

Group — B

Answer *any one* question.

3. State the Lancaster's approach to consumer theory in a two characteristics case. In what ways it is better than the neo-classical theory of consumer's behaviour ?   7+3=10

P.T.O.

4. Explain the different phases of a Product Life-Cycle. Show their relations with a firm's pricing, marketing and advertising policies.   4+2+2+2=10

5. Discuss the major features of a Leanning Curve.   10

Module II

Marks – 25

Group — A

Answer *any one* question.

6. How game theory can be applied to show that co-operative cartels are inherently unstable ? Mention how does the chiselling strategy lead to a prisoner's dilemma in the game.   12+3=15

7. Explain the nature of a "Public Good". In the case of externality how does the Coase Theorem bring the Pareto-optimum allocation of resources ? How can you overcome its limitations ?   2+9+4=15

Group — B

Answer *any one* question.

8. State the behaviour of a firm which wants to maximise its sales-revenue with and without profit restraint.   5+5=10

9. If a demand function of a firm is $P = 500 - 0.2x$ and the cost function is $C = 25x + 10,000$, where x = production.
(i) What are profit maximising output and price ?
(ii) Explain the market-nature of the firm ?
(iii) Explain the time-nature of the equlibrium of the firm.
3+4+3=10

10. Write short notes on *any two* of the following :
(a) Dead Weight Loss (DWL) and its measurement.
(b) Cost-plus and Mark-up Pricing.
(c) Peak-Load Pricing (only the firm peak case) of a firm.
5+5=10