Krishna Kanta Handiqui State Open University

MBA/PGDBM 1st Sem. Examination, 2016

Paper : 02

Managerial Economics

Time : 3 Hrs. *Full Marks : 80*

1. Answer *any five* from the following questions. 2×5=10
(each within 50 words)
   (a) What is opportunity cost ?
   (b) Define the term marginal utility.
   (c) What does an indifference map exhibit ?
   (d) Why is an isoquant called an equal product curve ?
   (e) Define the term short-run.
   (f) What is peak load pricing ?

2. Answer *any three* from the following questions. 4×3 = 12
(each within 150 words)
   (a) Distinguish between risk and uncertainty.
   (b) Explain the relationship between marginal cost and total cost.
   (c) Explain the concept of increasing returns to scale.
   (d) Explain with the help of an appropriate figure the situation of a firm under perfect competition, facing the 'shut-down' point in the short-run period.

3. Answer *any three* from the following questions. 6×3 = 18
(each within 250 words)
   (a) Briefly discuss the concept of transfer pricing in the absence of external markets.

(b) What is monoploy power ? Discuss the basic distinction in the determination of long-run equilibrium under monopoly and perfect competition.

(c) Derive the inter relationship among average revenue, marginal revenue and elasticity of demand.

(d) Briefly discuss the technique of opinion poll methods of demand estimation.

4. Answer *any four* from the following questions. 10×4 = 40
(each within 500 words)

(a) Discuss the different pricing strategies of a product according to its different stages in the product life cycle.

(b) Discuss the trade-off between total revenue and total cost. What is externality and what are its significance in the operation of free market mechanism ? 5+5

(c) Discuss the concept of consumer's surplus with the help of an appropriate figure. Does the selling cost under monopolistic competition lead to loss of economic welfare of the consumer ? Justify your view. 5+5

(d) Discuss the basic features of oligopoly. How does cartels help the firms under oligopoly ?

(e) Discuss the basic assumptions of indifference curve analysis. Explain the properties of an indifference curve. 3+7

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