



Institute of Management  
JK LakshmiPat University  
Jaipur  
END TERM EXAMINATION, 2015



MBA– Sem I  
MM: 50 Marks

Course: Managerial Economics  
Time: 3 Hours  
Subject code: MBA 102

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1 Discuss the following:

- 1) The Delhi metro runs between Rajiv Chowk and Delhi University. It has a cost function estimated by

$$TC = 100P - 64P^2 + 4P^3$$

Where, P indicates the number of passengers per day. Find the number of passenger per day that minimizes the average cost.

- 2) The total cost function of a publishing house is as follows

$$TC = 200 + 5Q + 9Q^2 - Q^3$$

Find out the equations for AC and MC, and the level of output at which MC is minimum.

(10 marks)

Q2. Discuss the following:

- 1) Difference between GDP and GNP at market price
- 2) Cost Plus pricing
- 3) Inflation and its impact on the different sections of the society
- 4) Types of Product differentiation in Monopolistic Competition

(10 marks)

Q3. Explain the following:

- 1) Difference between short run and long run production function and reasons of Increasing Returns to Scale
- 2) Monopoly and sources of Monopoly

(10 marks)

Q4. Discuss the following:

- a) What is the role of Law of Demand and Law of Supply in determining the Equilibrium Price and Equilibrium Quantity?

b) Discuss Nash Equilibrium in business decision making process under oligopoly market.

(10 marks)

Q5. Write short notes on the following:

- a) The Break-Even Point and its use in business decision making process
- b) Total Expenditure Method of Elasticity of Demand
- c) Difference between Private Cost and Social Cost
- d) Phases of Business Cycles

(10 marks)

### Section B

Q6. A) Suppose the demand and total cost function of Monopolistic firm are given as

Demand Function:  $Q = 100 - 0.2 P$

Price Function:  $P = 500 - 5Q$

Cost Function:  $TC = 50 + 20Q + Q^2$

Find out the profit maximizing output, price and total maximum profit.

(10 marks)

B) Given below are the figures of production (in, 000 quintals') of a sugar factory

|            |      |      |      |      |      |      |      |
|------------|------|------|------|------|------|------|------|
| Year       | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Production | 80   | 90   | 92   | 83   | 94   | 99   | 92   |

Find the trend values of each year by least square method and also estimate the annual production of 1987.

(10 marks)

