



Institute of Management
JK Lakshmipat University
Jaipur

END TERM EXAMINATION, 2018 (Backlog)

MBA– Sem I
MM: 50 Marks

Course: Managerial Economics
Time: 2 Hours
Subject code: EC01

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

Section A

Q1. Discuss the following:

- 1) Determinants of demand of petrol in India
- 2) Illustrate any five economic concepts from your life

(10 marks)

Q2. Discuss the following with the help of an example:

1. Various Economies of Scale
2. Law of Variable Proportion

(10 marks)

Q3. Explain the following with example:

1. Difference between Monopoly and Perfect Competition
2. Total Expenditure Method of Elasticity of Demand

(10 marks)

Q4 Explain the following:

- 1) The Game Theory model of Oligopoly
- 2) Methods of Demand forecasting

(10 marks)

Q5 Explain the following:

- 1) Importance of Price Elasticity in day to day life
- 2) Various Pricing Strategies and Practices

(10 marks)

Section B

Q6. A) A storybook publishing house has estimated its total output (book) and total cost. Assuming the general equation of the firm's total cost (TC) function as

$$TC = 120 + 50Q - 10Q^2 + Q^3$$

Find out the equations of the TVC, AVC and MC function and find the level of output at which the AVC is minimum.

(10 Marks)

B) Ram lal, a lawyer working for a large law firm and earning Rs. 60000 per year, is contemplating setting up his own law practice. He estimate that renting an office would cost Rs. 10000 per year, hiring a legal secretary would cost Rs 20000 per year renting the required office equipment would cost Rs 15000 per year, and purchasing the required supplies, paying for electricity , telephone, and so forth would cost another Rs 5000. The lawyer estimated that his total revenues for the year would be Rs 120000 and he is indifferent between keeping his present occupation with the large law firm and opening his own office.

- a) How much would be the explicit cost of the lawyer for running his own law office for the year?
- b) How much would be the implicit cost and the economic cost?
- c) Should the lawyer go ahead and start his own practice?

(10 Marks)