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DE-5507

M.B.A. (FT) (Sem. I) (CBCS) & M.B.A. (E) (CBS) (New Course ATKT) (Sem. III) Examination

March / April - 2016

CP-107 : Managerial Economics

Time : 3 Hours] [Total Marks : **70/100**

Instructions :

(1)

નીચે દર્શાવેલ ☛ નિશાનીવાળી વિગતો ઉત્તરવહી પર અવશ્ય લખવી.
Fillup strictly the details of ☛ signs on your answer book.

Name of the Examination :

☛ M.B.A. (FT) (Sem. I) (CBCS) & M.B.A. (E) (CBS) (New Course ATKT) (Sem. III)

Name of the Subject :

☛ **CP-107 : Managerial Economics**

☛ Subject Code No. : 5 5 0 7 ☛ Section No. (1, 2,.....) : **Nil**

Seat No. :

Student's Signature

(2) Question no. 1 and question no. 6 are compulsory. Answer any 3 questions from question, 2, 3, 4, 5 and 7. All questions are equal.

(3) Draw diagrama wherever required.

1. Explain the different types of shifts in the Demand Curve with respect to price and income for Normal goods, superior goods and inferior goods with the help of suitable diagrams.

2. Show how Indifference curves are ordinal measures of a firm's performance. What are the characteristics of Indifference curves?

3. Explain the various sources of Monopoly. What do you understand by a natural monopoly? Explain with example. Also explain the price equilibrium for a monopolist.

4. Write short notes on any two:
   1. Elasticities tend to be larger in the long run.
   2. Difference between normative and positive approach in economics.
   3. Bertrand's Oligopoly model.
   4. Qualitative Techniques of estimating demand.

5. How is income elasticity different from price elasticity of demand? Why is it more pertinent to calculate arc elasticities rather than point elasticities? Explain with example.

6. As a manager of the city gym, you must determine the best price to charge for locker rentals. Assume that the marginal cost of providing lockers is zero. The monthly demand for lockers is estimated to be Q = 100-2P, where P is monthly rental and Q is number of lockers rented per month.
   1. What price would you charge?
   2. How many lockers are rented monthly at this charge?
   3. Explain why you chose this price.

7. A firm faces the following cost function. $TC = 1500 + 15Q - 6Q^2 + Q^3$. Determine Total Variable Cost (TVC), Average Variable Cost (AVC) AND Marginal Cost for 100 units of output. Why does a firm have no fixed costs in the long run?