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SVKM'S
Narsee Monjee Institute of Management Studies (NMIMS)
School of Distance Learning

Year
Semester , 2009-10
PGDFM/ ADITM/ DITM/ PGDITM
III III II II

Subject: Managerial Economics

DATE: 9.1.2010

Marks: 100
Time: 3 hours (11 AM TO 2 PM)

1. *in all, 10 questions to be attempted*
2. *Figure in brackets indicate full marks.*

Q1. Attempt any 2 out of 4 **(10)**

(i) Discuss how managerial economics applies economic theories to deal with business problems.
(ii) Derive the supply schedule from law of supply.
(iii) Explain the concept of Marginal Cost.
(iv) Define Income Elasticity of demand. Explain how it can be calculated.

Q2. Write Short Notes on any 3 out of 5 **(15)**

(i) Different stages of a One Factor Production function.
(ii) Characteristics of Isoquants.
(iii) Features of Oligopoly.
(iv) Exceptions to the Law of demand.
(v) Long Run Average Cost.

Q3. Attempt any 3 out of 5 **(45)**

(i) Explain why in the long run a monopolist will increase supply and reduce price of an item.
(ii) Using the framework of demand and supply, explain the process of determination of equilibrium price for an item.
(iii) Explain the concept of returns to scale with help of suitable diagram.
(iv) Discuss the role of government in an economy. When is government intervention necessary?
(v) What is Cross Price Elasticity of demand? Discuss the interpretation of its various values.

Q4. Attempt the following questions **(30)**

(i) Define utility. Discuss how one can derive the demand curve using the concept of Diminishing Marginal Utility (DMU).
(ii) Define a perfectly competitive market. Discuss how a firm maximizes profit in such a market in the short run.

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