PG Odd Semester (CBCS) Exam., December—2016

COMMERCE

(1st Semester)

Course No. : COMCC–104

(Managerial Economics)

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer **five** questions, selecting **one** from each Unit

UNIT—I

1. Discuss the nature, scope and importance of managerial economics. 4+5+5=14

2. Given the demand curve equation as $P \quad (10 \quad 2Q)(20 \quad Q)^2$. Find the elasticity of demand at $Q \quad 1$ and $Q \quad 4$. Also measure marginal revenue (MR) at $Q \quad 4$ from the same demand curve. Verify $\text{MR} \quad \text{AR} \quad 1 \quad \frac{1}{E_P}$, where E_P is price elasticity of demand. 6+4+4=14

UNIT—II

3. If total production is given as a function of labour $Q \quad 10L \quad 15L^2 \quad 3L^3$, find out the average product and marginal product functions. Also prove that minimum point of the marginal cost curve is before the average cost curve's minimum point on the Q-axis of the above production function. 10+4=14

4. Write a note on increasing returns to scale. Why does increasing returns to scale imply a decreasing long-run average cost function? Explain with suitable graphical representation. 8+6=14

UNIT—III

5. Define monopolistic competition. What are the basic characteristics of the monopolistic competition market? Discuss. Put forward arguments in favour of the special place assigned to advertising for this market. 3+8+3=14

6. The demand functions for the two markets and total cost function of the monopoly firm are given below :

$P_1 \quad 14 \quad 2Q_1$

$P_2 \quad 35 \quad 4Q_2$

Cost $C \quad 2Q_1 \quad 3Q_2 \quad 4$

Determine the quantities of output that maximize the profit of the monopolist, and also find the prices of commodities and maximum profit earned by the monopolist. 14

UNIT—IV

7. State and explain the accelerator-multiplier theory of trade cycle. How does it able to explain cycles in a better manner in comparison to other trade cycle theories? Discuss. 10+4=14

8. Define inflation. Discuss in brief various remedial measures available with the government to control inflationary situation in India. 3+11=14

UNIT—V

9. Discuss in detail the role of deficit financing as a source of public financing in India. Do you think it raises inflationary pressure in the economy? Put forward your view on it. 9+5=14

10. Mention some major recommendations of the 14th Finance Commission. Delineate the major criticism put forwarded on the recommendations of the 14th Finance Commission in India. 8+6=14

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