

**M.Com. 1st Semester Examination, 2011**

**MANAGERIAL ECONOMICS**

PAPER — COM-105

*Full Marks : 50*

*Time : 2 hours*

**Answer all questions**

*The figures in the right hand margin indicate marks*

*Candidates are required to give their answers in their own words as far as practicable*

*Illustrate the answers wherever necessary*

UNIT — I

[ Marks : 20 ]

1. Answer any *two* questions from the following : 5 × 2
  - (a) Define price elasticity of demand. Show that on a straight line demand curve price elasticity of demand varies between zero and infinity.

- (b) Distinguish between ordinary and compensated demand curve.
- (c) Show that in a Cobb-Douglas production function the elasticity of substitution is equal to unity.
- (d) Explain the shape of average fixed cost curve.

2. Answer any *one* of the following : 10 x 1

- (a) Show how a consumer reaches equilibrium if his objective is to maximise utility subject to the budget constraint. 2 + 8
- (b) What is the law of variable proportion? Illustrate the relationship between average product, marginal product and total product under the law of variable proportion. 10

UNIT – II

[ Marks : 20.]

3. Answer any *two* questions of the following : 5 x 2

- (a) Show how the supply curve of a firm under perfect competition can be determined from its cost curves.

- (b) Prove that a monopolist can never be in equilibrium on that portion of the demand curve where the elasticity of demand is less than unity.
- (c) Explain the notion of Excess Capacity.
- (d) State and signify the importance of Hawkins-Simon condition in a Leontief static open model.

4. Answer any *one* question from the following : 10 x 1

- (a) When is price discrimination possible? Establish the equilibrium of a price discriminating monopolist. 2 + 8
- (b) (i) What do you mean by mixed strategies?  
(ii) With the help of an example show how mixed strategies can be used to solve a game problem where the saddlepoint does not exist. 2 + 8

[*Internal Assessment – 10 Marks*]

---