

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2019-21)
PGDM Trimester I Examination September 2019

Subject	Managerial Economics		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages		Date	29-09-2019

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

Any two from (a) or (b) or (c) ————— (10x2) = 10 Marks

a) Show what will happen to equilibrium price with the help of diagram in the following situation.

- 1) Demand increase**
- 2) Supply decrease**
- 3) Demand and supply increase in the same proportion**
- 4) Demand and supply decrease in the same proportion**

b) Assume that your company wants to start the production of ready to eat snacks. Identify any five factors influencing demand for the product.

c) What is Managerial Economics? Why a manager should study it?

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

a) What is elasticity of demand? Describe the different types of elasticity of demand.

b) Working as a marketing manager of a company, will you always reduce the price of the product to increase the sale? Why?

c) What are the different types of monopoly?

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

a) (1) Price of the product was Rs.10 at which demand was 100. Company reduces the price of the product to Rs.9 due to which the sale increases to 120. Find the elasticity of demand.

(2) Demand function is $Q = 100 - 2P$. Price of the product is Rs. 10, find the price elasticity of demand.

b) What is production? Define total production, average production and marginal production.

c) When the industry is in equilibrium?

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What are the characteristics of perfect competition?**
- b) Which are the exceptions to the law of demand?**
- c) State and explain the law of supply.**

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What is monopolistic competition market?**
- b) Which are the conditions of equilibrium of a firm in monopoly market?**
- c) Describe total fixed cost, total variable cost and total cost. Show them with the help of a graph.**

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) 1) Price and demand are ----- related. (Directly, inversely)**
 - 2) Pen and ink are ----- goods. (Substitute, complementary)**
 - 3) Differentiated product is important characteristics of ----- market. (Competitive, monopolistic competitive)**
 - 4) Essential goods normally have ----- demand. (Relatively elastic, relatively inelastic)**
 - 5) The cost which will not change with output is called as ----- cost. (Fixed, variable)**
- b) Why a firm experience increasing returns to scale to scale and diminishing returns to scale?**
- c) Prepare the imaginary demand table and draw a demand curve.**

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Identify any three factors influencing the elasticity of demand.**
- b) What are the features of monopoly?**
- c) Identify any five types of demand.**