

**MANAGEMENT PROGRAMME**

15039 **Term-End Examination**  
**June, 2010**

**MS-9 : MANAGERIAL ECONOMICS**

Time : 3 hours

Maximum Marks : 100  
(Weightage 70%)

**Note :**

- (i) There are two Sections : Section - A and Section - B.
- (ii) Attempt any three questions from Section - A. All questions of Section - A carry 20 marks.
- (iii) Section - B is compulsory and carries 40 marks.

**SECTION-A**

1. (a) Discuss the Laws of Returns to scale and describe the three stages of returns to scale. 10  
(b) Explain why Marginal Product (MP) is greater than (less than) Average Product (AP) when AP is rising (falling). 10
2. Write notes on any four : 5x4=20  
(a) Tastes and preferences as determinants of demand.  
(b) Economies of scale.  
(c) Breakeven output level.  
(d) Equimarginal principle.  
(e) Kinked demand curve.
3. Explain the concept of law of demand. What causes the market demand curve for a commodity to increase (shifting up) and decrease (shifting down) ? Explain. 20
4. Write five important characteristics of monopoly. Establish the profit maximising output of a monopoly firm. 20
5. (a) Discuss the relationship between marginal cost, average cost and total cost. 10  
(b) Explain Profit Maximization under cartel condition. Plot necessary graph. 10

## SECTION-B

6. State **True** or **False** and justify. Attempt *any five* : 4x5=20
- (a) The demand for a commodity is inversely related to price of its substitutes.
  - (b) When income increase, the demand for essential goods increases more than proportionately.
  - (c) Decrease in input prices causes a leftward shift in supply curve.
  - (d) In the long run, there are no variable costs.
  - (e) Retail trade is an example of monopolistic competition.
  - (f) The profit will be maximum where  $MC = MR$  in general.
  - (g) In a firm's short-run production function, the firms labour and plant are held constant while its machinery is allowed to vary.
  - (h) The Law of Diminishing returns is unrealistic because it implies that we could feed the world from our kitchen garden.
  - (i) Even if there are many buyers, imperfect competition can exist in a market.
  - (j) A monopolist will never produce at the elastic portion of the demand curve.
7. Explain decision under risk. Describe strategic decisions based on decision tree. 20
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