

**MANAGEMENT PROGRAMME****Term-End Examination****June, 2012****MS-9 : MANAGERIAL ECONOMICS***Time : 3 hours**Maximum Marks : 100*

- Note :**
- (i) *There are two Sections : Section-A and Section-B. Attempt both the sections.*
  - (ii) *Attempt any three questions from Section-A. All questions carry 20 marks each.*
  - (iii) *Section B is compulsory and carries 40 marks.*
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**SECTION-A**

1. Demand of a product depends upon price and other variables that are assumed to be held constant while preparing a demand curve. Take a hypothetical example and plot a demand curve with price on  $y$ -axis and quantity on  $x$ -axis. List the 'other variables' that are assumed to be constant and explain the affect on demand of a change in each of the 'other variables'.
2. What is oligopoly ? Differentiate oligopoly from Monopoly.
3. Explain the law of diminishing marginal returns. Illustrate giving examples.
4. Assume that a town is having only one store, which supplies furniture. Explain whether it is possible for the store to practice price discrimination. What are the necessary conditions for Price Discrimination ?
5. (a) Using the marginal cost and Marginal revenue curves, explain the equilibrium of the firm for a perfect competition.  
(b) Why is the firm under perfect competition described as a price taken ?

## SECTION B

6. Outside an airport, a shopkeeper is running a coffee shop. The demand function for coffee cups in the shop is

$$Q = 150 - 10P$$

Where  $Q$  is the quantity demanded for coffee cups and  $P$  is the price per coffee cup.

- (a) Write the total revenue function and determine at what quantity of coffee cups sold and price fixed, total revenue will be maximised.
- (b) Find the value of marginal revenue at the quantity where total revenue is maximized.
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