



'समानो मन्त्रः समितिः समानी'

UNIVERSITY OF NORTH BENGAL
BBA Honours 1st Semester Examination, 2022

GE1-BBA (104)

MANAGERIAL ECONOMICS

Time Allotted: 2 Hours

Full Marks: 60

*The figures in the margin indicate full marks.
Candidates should answer in their own words and adhere to the word limit as practicable.
All symbols are of usual significance.*

GROUP-A

Answer any two questions from the following

12×2 = 24

1. (a) Define cross elasticity of demand. Discuss the importance of the concept in managerial decision-making. 2+4
- (b) Derive the relation between Average Revenue (AR), Marginal Revenue (MR) and Price Elasticity of Demand. Also, using the relation prove that when MR is equal to zero, elasticity is equal to unity. 4+2
2. (a) Explain the conditions under which a monopolist can make price discrimination. 5
- (b) The demand curves of a price discriminating monopolist are $P_1 = 12 - Q_1$ and $P_2 = 20 - 3Q_2$ respectively. The cost function is $C = 3 + 2(Q_1 + Q_2)$. What will be the price and output in the two markets so that the profits of the monopolist is maximum? 5
- (c) What is called second-degree price discrimination? 2
3. (a) Interpret the information that a LAC curve reflects. Also, narrate how a LAC as an envelope curve can guide a firm in deciding the size of the plant to be installed. 8
- (b) Examine the relationship between AC and MC. 4
4. (a) Show with the help of iso-quant and iso-cost curves that a firm will be in equilibrium regarding the use of a factor combination when the marginal rate of technical substitution (MRTS) between the factors is equal to the ratio of factor prices. 8
- (b) Narrate the method of estimating an expansion path and outline its uses in the production planning of a firm. 4

GROUP-B

5. Answer any *four* questions: 6×4 = 24
- (a) What kind of conjecture is likely to produce a Kinked Demand Curve for a firm in Oligopoly? 6
 - (b) “Price Effect is equal to the sum of Substitution Effect and Income Effect.” — Explain. 6
 - (c) How is the supply curve of a firm in a perfect competition market determined? 6
 - (d) How is the equilibrium wage determined as per the propositions of Marginal Productivity Theory? 6
 - (e) Explain how there can be a rent element in the wage, interest, and profits. 6
 - (f) Following data is obtained from the cost records of ABC Ltd. 6

Level of Output (units)	0	2	4	8	10
Total Cost (Rs.)	1000	1160	1320	1640	1800

You are required to compute total fixed cost, total variable cost, average fixed cost, average variable cost and average cost at six units of output.

GROUP-C

6. Answer any *four* questions from the following: 3×4 = 12
- (a) What is Lerner’s degree of monopoly power? 3
 - (b) If the demand function is $q = 30 - 4p - p^2$, determine price elasticity of demand and Marginal Revenue when $p = 3$. 3
 - (c) What is quasi-rent? 3
 - (d) Distinguish between collusive and non-collusive oligopoly. 3
 - (e) Why short-run cost curves are U-shaped? 3
 - (f) Enlist the properties of indifference curve. 3

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