



KERALA AGRICULTURAL UNIVERSITY
B.Sc. (Hons.) C & B 2017 Admission
III Semester Final Examination- January-2019

Econ.2104

Managerial Economics (1+1)

Marks: 50
Time: 2 hours

I Fill in the blanks

(10x1=10)

- 1 In classical production function, at TPP maximum, $MPP = \text{-----}$.
- 2 Demand curve slope ----- from left to right.
- 3 ----- is an undiscounted measure of investment analysis.
- 4 Under perfect competition in the short run, the firm can maximize profit by ----- the quantity of output Q when $MR < MC$.
- 5 ----- method of demand forecasting use time series data/past demand data

State True or False

- 6 The elasticity of demand is infinite for perfectly elastic goods.
- 7 At Break-Even Point the contribution margin is equal to the fixed costs.
- 8 In Cobb-Douglas production function, if elasticity of substitution is equal to zero, then it is called Constant Elasticity of substitution Production Function.
- 9 The skimming-price strategy initially targets to skim the market segment that is relatively price sensitive.
- 10 Movement along the demand curve is called shift in demand.

II Write Short notes on ANY FIVE of the following

(5x2=10)

- 1 Factors determining the demand for a commodity.
- 2 Differentiate between perfectly elastic and perfectly inelastic goods.
- 3 Write mathematical formula of Cobb-Douglas production function and derive MPP from it.
- 4 Assumptions of production function technique.
- 5 Steps involved in pricing of a new product/pioneer pricing.
- 6 Explain movement along the demand curve.
- 7 Differentiate between discounting and compounding.

III Answer ANY FIVE of the following

(5x4=20)

- 1 Concept of game theory and what do you mean by cooperative game theory?
- 2 Draw market demand and market supply curves for perfect competition market when they are in equilibrium. Show consumer surplus and producer surplus also.
- 3 Discounted measures of investment analysis.
- 4 Different types of elasticity of demand.
- 5 Different types of costs involved in deciding a firms' optimum output.
- 6 Break Even Analysis.
- 7 Trend equation method of demand forecasting.

IV Write an essay on ANY ONE of the following

(1x10=10)

- 1 Explain various Cost concepts and bring out their inter relationship.
- 2 Explain with graph application of cost-output relations in a perfectly competitive firm's profit maximization in short run.
