Total No. of printed pages = 4

1 PGDE COM 5

2015

(August)

COMMERCE

Paper : 105

(Managerial Economics)

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks for the questions.

1. (a) (i) What is equi-marginal principle ? Illustrate how this principle is applied by business managers to allocate the resources. Under what conditions this principle can be applied ? 2+7+3=12

(ii) Explain why scarcity is the fundamental economic problem. 4

Or

(b) Critically examine the profit maximisation objective of a business firm. Explain why and how do the managers persue maximisation of firm's growth rate as an alternative business objective. 8+8=16

2. (a) (i) Why does the demand curve slope negatively ? Explain the factors that can shift the demand curve. 2+4=6

(ii) Define market demand schedule with a hypothetical example. Mention the determinants of market demand. 4+3=7

(iii) Distinguish between change in demand and change in the quantity demanded. 3

Or

(b) (i) What is elasticity of demand ? Illustrate different types of elasticity of demand with numerical example. 2+10=12

(ii) How can 'snob effect' make the demand curve less elastic than otherwise ? 4

3. (a) What is demand forecasting ? Why is it done ? Explain the uses and limitations of opinion-poll method of demand forecasting.

1+3+12=16

Or

(b) Explain the advantages and disadvantages of estimating demand by 8+8=16

(i) Consumer surveys

(ii) Market experiments.

4. (a) What is transfer pricing ? What is its significance ? Explain the process of determining the transfer price when the product has no external market.

2+4+10=16

Or

(b) Highlight the salient features of monopolistic competition. Illustrate how a monopolistically competitive firm determine price and output in both short-run and long-run.

4+6+6=16

5. (a) (i) Explain the features of business cycles. Which phase of the business cycle is the most fearsome phase for the business firms and why ? 6+6=12

(ii) How can monetary changes cause cyclical fluctuations ? 4

Or

(b) Explain how the instruments of monetary and fiscal policies are manipulated to control cyclical fluctuations. 8+8=16