

National Institute of Technology Mizoram
Mid – Semester Examination, Odd Semester (2022-23)
Managerial Economics - (HUL 1301/1701)

3rd Sem. (CE, CSE & ECE) And 7th Sem. (EEE) Full Marks: 30 marks Duration: 1:30 hours

Answer all 3 (Three) Questions. All Questions Carry Same Marks
(3 * 10 = 30 Marks)

1. (a) The Cross Price Elasticity will always be positive. True or False. Explain your answer.
(1 + 3 = 4 marks)
- (b) Describe the indifference curve associated with (i) perfect substitute goods and (ii) complementary goods. (1.5 + 1.5 = 3 marks)
- (c) Define Law of Supply. State the factors that influence supply. (1 + 2 = 3 marks)

OR

Define Production Possibility Frontier (PPF). What does PPF signify? Can a country produce outside PPF? Refute or Defend your statement. (2 + 3 + 5 = 10 marks)

2. What is Consumer Surplus and Producer Surplus? Define Deadweight Loss. Elaborate on the consequences of government intervention in a free market, (3 + 2 + 5 = 10 marks)

OR

Define Isoquant and Isocost line. Distinguish between Economies of Scale and Returns to Scale. Define Economies of Scope. (4 + 4 + 2 = 10 marks)

3. Why does a demand curve slope downward? Explain using the concepts of indifference curve and budget line. Derive the demand curve from the analysis. (2 + 6 + 2 = 10 marks)

OR

Define Income Elasticity of Demand. What are the different methods of measuring elasticity? If demand is perfectly elastic and supply is normal, what will happen to the consumer surplus and producer surplus. Show using graphs. (2 + 4 + 4 = 10 marks)

National Institute of Technology Mizoram
End – Semester Examination, Odd Semester (2022-23)
Managerial Economics - (HUL 1301/1701)

3rd Sem. (CE, CSE & ECE) And 7th Sem. (EEE) Full Marks: 50 marks Duration: 3:00 hours

Answer all 5 (Five) Questions. All Questions Carry Same Marks
(5 * 10 = 50 Marks)

1. Firms in Monopolistic competition operate with excess capacity. Why? Elaborate your answer and also show the profit maximisation conditions under monopolistic competition. (10 marks)
2. Compare and contrast the profit maximisation conditions under perfect competition and monopoly. What are the different forms of price discrimination? (7 + 3 = 10 marks)
3. What is dominant strategy? Discuss in detail the Prisoner's Dilemma. (2 + 8 = 10 marks)
4. Derive the relationship between Marginal revenue and price elasticity of demand. What are the different methods of demand forecasting? (5 + 5 = 10 marks)
5. Define/illustrate the following: (2 X 5 = 10 marks)
 - a. Variable cost
 - b. Fixed cost versus Sunk cost
 - c. Short-run expansion path
 - d. Economies of Scale versus Economies of Scope
 - e. Microeconomics versus Macroeconomics

expansiveness