

NATIONAL LAW UNIVERSITY, JODHPUR
End Term Examination – 2023
UG IV Semester
Subject: Functional Management III (Managerial Economics)

MAY 8 2023

Time: Three Hours

Marks: 100

Instructions:

1. All questions carry equal marks.
2. Attempt any five questions.

Q.1). Explain the meaning, interpretation and determinants of price elasticity of demand; highlighting its application in managerial decision making.

(Marks 20)

Q.2). A. What kind of entry barriers helped protect Intel's monopoly position?

B. Enlist and briefly explain the features of monopolistic competition. Graphically represent the short run price and output determination under monopolistic competition and examine the reasons behind higher average cost in monopolistic competitive firm.

(Marks 8+12=20)

Q.3). "Profit rates usually differ among firms in a given industry and even more widely among firms in different industries." In light of this statement, elucidate the various theories of profit to explain these differences.

(Marks 20)

Q.4). Describe the opinion poll methods for demand forecasting.

(Marks 20)

Q.5). "Users are not paying any price for using search feature at Google, or using email facility provided by Gmail or watching the videos on YouTube or Google Maps that help the user to easily find the location." What is the rationale behind providing these services at zero price? What are the various zero pricing strategies adopted by these firms? Are there any costs incurred by the users while using the services provided by these firms?

(Marks 20)

Q.6). Why do we get diminishing returns after a certain amount of variable factor has been added to the fixed quantity of that factor? Why the fixed factor is not initially taken in a quantity which suits the available quantity of the variable? Which is the rationale stage from the firm's point of view to produce and why? Which principle guides the decision about the level of employment of labour in a business firm?

(Marks 20)