

--	--	--	--	--	--	--	--	--	--

First Semester MBA Degree Examination, June/July 2026
Economics for Decision Making

Time: 3 hrs.

Max. Marks: 100

Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.

2. Question No. 8 is compulsory.

3. M : Marks, L: Bloom's level, C: Course outcomes.



			M	L	C
Q.1	a.	Define Managerial Economics.	3	L2	CO1
	b.	Explain the nature and scope of Managerial Economics with suitable examples.	7	L2	CO1
	c.	Critically evaluate Baumol's Model of Sales Revenue Maximization. What are its implications for firm behaviour?	10	L2	CO1
Q.2	a.	Define Cross Elasticity of Demand.	3	L3	CO2
	b.	Explain exceptional law of the demand.	7	L3	CO2
	c.	Explain the Law of Demand.	10	L3	CO2
Q.3	a.	Differentiate between Economies of Scale and Diseconomies of Scale.	3	L3	CO2
	b.	Explain the Law of Variable Proportion with an example.	7	L5	CO3
	c.	Discuss the Production Function with two variable inputs.	10	L5	CO3
Q.4	a.	Define Loss Leader Pricing.	3	L3	CO4
	b.	Discuss the features of Oligopoly and explain the Kinked Demand Curve theory.	7	L3	CO4
	c.	Explain the features of Perfect Competition and describe how price is determined under Perfect Competition.	10	L3	CO4
Q.5	a.	Define Indian Business Environment.	3	L6	CO5
	b.	Explain the Economic Environment of India and its influence on business decisions.	7	L6	CO5
	c.	Discuss the challenges and prospects of SMEs in India. Explain their role in the economy and the obstacles they face, such as funding, regulation, and technological advancement.	10	L6	CO5

Q.6	a.	Define Private Sector Growth in India after the New Industrial Policy 1991.	3	L2	CO6
	b.	Explain the New Industrial Policy 1991 in detail. Discuss its impact on industrial growth, liberalization, and privatization in India.	7	L2	CO6
	c.	What are the key features of the Production Linked Incentive (PLI) scheme for Telecom & Networking Products? Discuss how it promotes domestic manufacturing and exports.	10	L2	CO6
Q.7	a.	State the Cost Output Relationship in the short run.	3	L3	CO4
	b.	Explain Descriptive Pricing Approaches in detail : • Loss Leader Pricing • Peak Load Pricing • Transfer Pricing	7	L3	CO4
	c.	Explain the features of Monopoly and describe how pricing under Monopoly is determined.	10	L6	CO5
Q.8		"EconoTech" A company named "EconoTech" produces and sells smartphones in a monopolistic market. EconoTech is the only producer of smartphones in the region and has a dominant market share. The company has been enjoying high profits due to the lack of competition, but recent data shows that consumer demand is beginning to decrease. After conducting market research, the company decides to reduce the price of its smartphones by 10% in order to boost sales and maintain its dominant position in the market. The company's economists predict that: • The demand for smartphones is price-sensitive, meaning a reduction in price will likely lead to an increase in the quantity demanded. • The company expects that this price cut will encourage consumers to purchase more phones, but they are unsure whether this will result in higher total revenue or higher profits in the long run. However, EconoTech's competitors in other regions are noticing the price change and may potentially enter the market, which could lead to increased competition.			
	a.	What kind of market structure does EconoTech operate in, and how does this affect pricing decisions?	10	L5	CO1
	b.	What pricing strategy would you recommend for EconoTech moving forward?	10	L5	CO1
