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I Semester M.B.A. (Day & Evening) Degree Examination, April/May - 2026

MANAGEMENT

Economics for Business Decisions

(CBCS Scheme 2019 Onwards)

Paper : 1.4

ACHARYA INSTITUTE OF GRADUATE STUDIES
LIBRARY
Date:
BANGALORE-107

Time : 3 Hours **Maximum Marks : 70**

SECTION - A

Answer any Five of the following questions. Each question carries 5 marks.

(5×5=25)

1. Analyse the relevance of incremental and marginal principles in pricing and expansion decisions of a firm.
2. Examine the practical relevance of the indifference curve approach in understanding real consumer behaviour.
3. Critically assess the role of Iso quants and Iso costs in determining the optimal input combination.
4. Examine the impact of price discrimination on firm profitability and consumer welfare.
5. What do you mean by economies of scale? Describe the various types of internal and external economics of scale?
6. Explain the concept of Production Possibility Curve (PPC) and its importance.
7. How do fiscal policies, such as changes in government spending and taxation, influence inflationary trends.

SECTION - B

Answer any Three of the following questions. Each questions carries 10 marks.

(3×10=30)

8. What is price discrimination? Explain different degrees of price discrimination which among the three degrees of price discrimination seems to be the most unrealistic to you? Why?
9. Explain the application of marginal, incremental and discounting principles in managerial decisions with suitable examples.

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10. Discuss how cost and revenue curves help in determining the profit-maximizing level of output.

11. Describe the effects of different phases of the business cycle on corporate planning.

SECTION - C

12. Case Study : (Compulsory) **(1×15=15)**

Based on the general features and facilities offered, the Ministry of Tourism Govt. of India classifies hotels into 7 categories: five star deluxe, five star, four star, three star, two star, one star and heritage hotels. These apart, there are hotels in the unorganized sector that have a significant presence across the country and cater primarily to economy tourists. Encouraged by the boom in tourism and increased spending on leisure, there has been an influx of globally renowned groups by way of joint ventures. The premium and luxury segment (high end 5-star deluxe and 5 star hotels) mainly cater to the business and up market foreign leisure travelers and offer a high quality and wide range of services. These constitute about 30 percent of the hospitality industry in India. The mid-market Segment (3 and 4 star hotels) offers most of the essential services of luxury hotels without the high costs, since the tax component of this segment are lower compared with the premium segment. The budget segment comprises 1 and 2 star hotels, which provide Affordable accommodation to the highly price-conscious segment of travelers. Heritage Hotels are architecturally distinctive properties such as palaces and forts, built prior to 1950, that have been converted into hotels. In the face of stiff competition, hotels in India have come up with ingenious ways to attract customers. These hotels distinguish themselves with beds, bathroom, amenities and complimentary breakfast. Other facilities may include innovations in food and beverage products, spa, fitness Centre or other lifestyle facilities. The on going revolution in cuisine has been accompanied by innovations such as free standing, niche restaurants.

Questions :

a) Do you think the hotel industry is monopolistically competitive? What are the features of industry which suggest the same?

b) Comment on differentiation offered by the hotels in India.

c) Compare the pricing behaviour of luxury hotels and budget hotels by linking them to monopolistic competition and oligopoly type market conditions.
