USN ☐☐☐☐☐☐☐☐☐☐

First Semester MBA Degree Examination, Dec.2015/Jan.2016
Economics for Managers

Time: 3 hrs.   Max. Marks:100

SECTION - A
Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

1	Define Managerial Economics.	(03 Marks)
2	What are Iso – quant and Iso – cost curve?	(03 Marks)
3	Explain the concept of Opportunity cost.	(03 Marks)
4	What are Economic Indicators? List few Economic indicators.	(03 Marks)
5	Explain the features of oligopoly.	(03 Marks)
6	What is Globalisation?	(03 Marks)
7	Differentiate between fiscal policy and monetary policy.	(03 Marks)

SECTION - B
Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

1   What is Price elasticity of demand? Explain diagrammatically different types of price elasticities.   (07 Marks)

2   Briefly describe the law of Return to scale.   (07 Marks)

3   What is Business Cycle? What are its various phases?   (07 Marks)

4   200 units of commodity are demanded at a price of ₹ 10. When the price rise to ₹ 15 the quantity demanded falls to 120 units. Calculate arc elasticity of demand.   (07 Marks)

5   What is Break Even Analysis? Explain the uses of BEA in Managerial Economics. (07 Marks)

6   Explain with the help of diagram, the 'Kinked Demand Curve'.   (07 Marks)

7   Describe the features of new industrial policy of 1991.   (07 Marks)

SECTION - C
Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

1   Briefly explain the Baumol's sales revenue maximization model.   (10 Marks)

2   What is Economies of scale? Describe various types of internal and external economics of scale.
                                                                                (10 Marks)

3   Define National Income. What are the problems faced in measuring National Income? Explain.
                                                                                (10 Marks)

4   A firm sells its products at the rate of ₹ 7 per unit. The variable cost is ₹ 2 per unit and the fixed cost is ₹ 80,000.   **(10 Marks)**
    i)   Calculate Break Even Point.
    ii) What would be the profit if the firm sells 40,000 units?
    iii) What would be the BEP if the firm spends ₹ 4,000 on advertisement?
    iv) How much the seller should sell to earn a profit of ₹ 40,000?

5   Explain diagrammatically price and output determination under perfect competition.   **(10 Marks)**

6   What are the objectives of monetary policy? Briefly describe the different instruments of monetary policy.   **(10 Marks)**

7   Explain growth and role of private sector in Indian Economy.   **(10 Marks)**

SECTION - D
CASE STUDY – [Compulsory]

The Turning Point

The Government of India reports that the "Economy has emerged with remarkable rapidity from the slowdown caused by the global financial crisis of 2007 – 09". The turnaround has been fast and strong due to agriculture and continued momentum in manufacturing, although there was a deceleration in services and industry. However, the medium to long – run prospect of the economy, including the industrial sector, continues to be positive. On the demand side, a rise in savings and investment and pickup in private consumption have resulted in strong growth of the gross domestic product (GDP) at constant market prices at 9.7% in 2010 – 11. A sequenced and gradual withdrawal of the monetary accommodation is helping contain inflationary pressures. Not with standing the tightening money markets and moderate growth in deposits , the financial situation remained orderly with a pickup in credit growth, vibrant equity market and stable foreign exchange market. Though downside risks of global events, particularly movement in prices of commodities like crude oil (Exacerbated by political turmoil in the Middle East) remain, the Indian economy is poised to further improve and consolidate in terms of key macroeconomic indicators.

Questions :

1. Identify the factors helping India to recover from recession.   **(10 Marks)**
2. What more should be done so that inflationary pressure could be contained?
    (10 Marks)

*****