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14MBA12

First Semester MBA Degree Examination, Dec.2016/Jan.2017
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 price elasticity of demand. (03 Marks)
- 2 Define managerial economics. (03 Marks)
- 3 Define cross elasticity of demand. (03 Marks)
- 4 What is meant by 'Economics of Scale'? (03 Marks)
- 5 What do you understand by the term 'Cartel'? (03 Marks)
- 6 Define GDP. (03 Marks)
- 7 What is meant by 'Globalization'? (03 Marks)

SECTION – B

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

- 1 State and explain the exceptions to the law of demand. (07 Marks)
- 2 Perform the industry analysis of any one industry of your choice. (07 Marks)
- 3 Explain the law of variable proportions, with an example. (07 Marks)
- 4 What is meant by inflation? Explain the types and causes of inflation. (07 Marks)
- 5 What is meant by WTO? Give an overview of the impact of WTO on India's Foreign trade. (07 Marks)
- 6 Explain the salient features of the union budget 2015-16. State its effect on the common man. (07 Marks)
- 7 Distinguish between price skimming and price penetration with a suitable example. (07 Marks)

SECTION – C

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

- 1 Explain the following with a suitable example for each: Fixed cost, variable cost, average cost, marginal cost³ and opportunity cost. (10 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

- 2 a. What is meant by BEP? What are its limitations? (05 Marks)
 b. A firm has incurred a fixed cost of Rs.200,000/-. The variable cost per unit of output is Rs.20 and the competitive price is Rs.30.
 i) Determine the break even output.
 ii) How would your answer to (i) if the firm desires a profit of Rs.50,000/-. (05 Marks)
- 3 What is oligopoly? Explain the concept of the kinked demand curve in oligopoly. (10 Marks)
- 4 Explain the law of returns to scale. (10 Marks)
- 5 What is meant by FDI? What are your views on the FDI in retail sector? (10 Marks)
- 6 a. List the features of perfect competition. (05 Marks)
 b. Explain Boumolis sales revenue maximization model. (05 Marks)
- 7 a. What is meant by inelastic demand? Give an example. (05 Marks)
 b. Determine the price elasticity of demand
 when $Q_1 = 100$ units $P_1 = \text{Rs.}20$
 $Q_2 = 70$ units $P_2 = \text{Rs.}40$. (05 Marks)

SECTION – D
(Compulsory)

- 8 Globalization and opening up of the Indian economy has increased the disposable income among Indians, especially the youth in urban areas. Indian car buyers now view cars more as a fashion statement than as a means of getting around. Cars are driven to work and also for family outing during weekends. Indian buyers also desire bigger and smarter cars that serve as status symbols and fashion statement. Easy availability of car loans and comparison of cars brands among the educated working youth coupled with intense competition has led to the launch of many designs of cars. However, the traffic congestion and infrastructure bottlenecks necessitates the need for smaller, more fuel efficient cars. The traditional image of an Indian employee travelling by public transportation is undergoing a change.

Questions:

- i) How do you compare and contrast smaller cars vis-à-vis bigger and more luxurious cars, in the economic context of the changing demographic profile in India. (05 Marks)
- ii) Infrastructure is key to the growth of Indian economy. What should be done to remove the infrastructure bottlenecks in our country for speeding up the economic growth? (05 Marks)
- iii) Comment on the characteristic of demand of petrol/diesel with respect to cars. Also comment on the income elasticity of demand for the product 'car'. (10 Marks)

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