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14MBA12

**First Semester MBA Degree Examination, Dec.2017/Jan.2018**  
**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 Distinguish between accounting and economic profit. (03 Marks)
- 2 What are the production functions? (03 Marks)
- 3 What is opportunity cost? (03 Marks)
- 4 What is meant by product differentiation? (03 Marks)
- 5 Discuss GDP. (03 Marks)
- 6 What is fiscal policy? State its objectives. (03 Marks)
- 7 What is inflation? List the different types of inflation. (03 Marks)

**SECTION - B**

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

- 1 How does economics help business managers in performing their functions? (07 Marks)
- 2 Define and explain the properties of isoquants. (07 Marks)
- 3 Explain and illustrate the relationship between marginal cost, average cost and total cost assuming a short run nonlinear cost function. (07 Marks)
- 4 How does the market structure affect pricing decisions of a firm? (07 Marks)
- 5 What are the different phases of business cycle and how is a private business affected during the different phases. (07 Marks)
- 6 Discuss the effect of taxation of savings. (07 Marks)
- 7 Discuss the implications of globalization on Indian Economy. (07 Marks)

**SECTION - C**

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

- 1 Explain Baumol's model of sales revenue maximization. (10 Marks)
- 2 State the law of diminishing returns. Explain its applications in business decision. (10 Marks)
- 3 What is meant by break even analysis? Discuss the uses and limitations of BEA in business decisions. (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.

- 4 Explain why a firm under perfect competition is a price taker and not a price maker. (10 Marks)
- 5 Discuss the different methods of measuring national income. (10 Marks)
- 6 Explain the features of new industrial policy 1991. (10 Marks)
- 7 What are the objectives of monetary policy? Discuss the credit methods. (10 Marks)

**SECTION - D**  
**CASE STUDY – [ Compulsory ]**

Product such as cars, motorbikes, televisions, washing machines comes in different variants in market. The numbers of market players who dominate in these market are countable in number. These firms charge different prices for different variants of the product. It requires huge amount of investments to enter into these markets. It takes some time to improve the brand loyalty for the product sold by these firms for example when Maruti introduced small, it took a long time for the customers to accept and after the acceptance, brand loyalty long lasted. These firms produce bulk of product and hence achieve economies of scale which in turn help to achieve low cost. The companies make decision in line with decisions made by rival firms because the product are close or perfect substitutes.

***Questions:***

1. What type of market structure the case is explaining? (05 Marks)
2. Give the features of market structure identified in question '1'. (05 Marks)
3. Explain how pricing decisions are made in this market structure. (05 Marks)
4. Give any five examples of firms having this market structure. (05 Marks)

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