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## First Semester MBA Degree Examination, Feb./Mar. 2022 Managerial Economics

Time: 3 hrs.

Max. Marks: 100

**Note: 1. Answer any FOUR full questions from Q1 to Q7.  
2. Question No.8 is compulsory.**

- 1 a. Define managerial economics. (03 Marks)  
b. State the nature of managerial economics. (07 Marks)  
c. Elucidate the duties of a managerial economist in the modern business era. (10 Marks)
- 2 a. What is demand forecasting? (03 Marks)  
b. Outline the main objectives of firm in a modern economy. (07 Marks)  
c. Illustrate the law of variable proportion. (10 Marks)
- 3 a. Contrast between price skimming and penetration pricing. (03 Marks)  
b. Explain law of demand with a neat demand curve. (07 Marks)  
c. Summarize the features of monopolistic market. (10 Marks)
- 4 a. What are cartels? (03 Marks)  
b. Identify the properties of ISO-Quants. (07 Marks)  
c. Discuss Baumol's model of sales revenue maximization. (10 Marks)
- 5 a. Define Equi-marginal principle. (03 Marks)  
b. Mention the uses of BEA in managerial decisions. (07 Marks)  
c. Describe the types of Price Elasticity of Demand. (10 Marks)
- 6 a. What is marginal cost? (03 Marks)  
b. "Seller is a price maker under monopoly market". State the reasons. (07 Marks)  
c. Explain Williamson's model. (10 Marks)
- 7 a. Give examples for Cross Elasticity of demand. (03 Marks)  
b. Explain the average and marginal cost behavior in the short run. (07 Marks)  
c. Bring out the barriers to monopoly market. (10 Marks)

8 Case Study :

**Alternative Fuels**

It is anticipated that by 2015-16, one-fifth of cars in India will run on gas. The higher purchasing cost of gas-run vehicles is more than compensated by their lower environmental cost and better mileage. Maruti Suzuki has the widest gas-run car portfolio with CNG-run Alto, Wagon R, ECO, Estilo and SX4.

With a less than 5% Market share and as a strategy to combat stiff competition, General Motors (GM) India is set to play the alternative fuel game. GM sees virtue in turning green and wants to do fast, as competition is gearing up among emerging players. GM's upcoming half a dozen joint venture products with China's SAIC will have 14 variants. A part from the conventional diesel and petrol variants, they will have LPG and CNG versions. It already offers LPG variants of its small cars Chevrolet Spark and Beat.

Questions :

- a. Do you think the Indian Automobile has understood the advantages of non-price competition? Analyze. (10 Marks)
- b. Would GM be able to increase its market share by introducing the alternate fuel models? Why? (10 Marks)

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