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14MBA12

**First Semester MBA Degree Examination, June/July 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 What is opportunity cost? Give examples. (03 Marks)
- 2 Specify the law of diminishing marginal utility. Mention its assumptions. (03 Marks)
- 3 What are the determinants of supply? Mention. (03 Marks)
- 4 What is income elasticity of demand? (03 Marks)
- 5 Mention any three disadvantages of globalization. (03 Marks)
- 6 List out any three decision making problems where break even analysis is of use. (03 Marks)
- 7 What are the various components of gross domestic product? (03 Marks)

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

- 1 Write a note on cardinal utility approach in consumer demand analysis. (07 Marks)
- 2 Explain the properties of indifference curve. (07 Marks)
- 3 Write a note on importance of elasticity of demand. (07 Marks)
- 4 Write a note on expert opinion method of demand forecasting. (07 Marks)
- 5 Fill in the blank in the following table

Usage of the variable factor (L)	Total product	Average product	Marginal product
1	-	25	-
2	-	-	35
3	82	-	-
4	-	28	-
5	-	-	24
6	140	-	-
7	-	22	-
8	-	-	8
9	180	-	-
10	-	20	-

- (07 Marks)
- 6 Briefly explain the features of business cycles. (07 Marks)
- 7 Briefly explain the features of 1991 industrial policy. (07 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.

**SECTION - C**

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

- 1 Discuss the nature and scope of managerial economics. (10 Marks)
- 2 Suppose, weekly demand functions of three consumers X, Y, Z for TopRoman noodles are given as follows  
 $X = D_x = 30 - 3P_x$   
 $Y = D_y = 20 - 2P_y$   
 $Z = D_z = 15 - 1P_z$   
Where  $P_x$ ,  $P_y$  and  $P_z$  being price of noodles of the price of Top roman noodles is fixed at ₹ 30 (per 400grms pack). Find the aggregate demand function and weekly consumption of noodles. (10 Marks)
- 3 Krishna was a manager in a retail outlet earning ₹ 20,000/- per month. He resigned his job and started his own retail outlet with his own capital ₹ 10 lakhs and borrowed from a bank remaining ₹ 20 lakhs @ 14% interest. The expenses of his retail outlet for first year (2014) operations are ;  
Rent ₹ 20,000  
Salary of sales boys ₹ 220,000  
Cost of goods sold ₹ 500,000  
Charges of various utilities ₹ 50,000  
Sales revenue for 2014 being ₹ 18,00,000 if Krishna was to invest his own capital ₹ 10 lakhs in government securities he would have earned @ 12%, interest income.  
Required: i) Identify implicit costs and explicit costs.  
ii) Calculate economic profit and business profit. (10 Marks)
- 4 Explain in detail internal economies to scale. (10 Marks)
- 5 What are isoquant? Explain the properties of isoquant curves. (10 Marks)
- 6 Provide SWOT analysis of Indian economy. (10 Marks)
- 7 Explain the phases of globalisation. (10 Marks)

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

The publication majors like Times of India NavBharat times, Hindustan times and Hindi Hindustan as well as the The Hindu news paper publishers have started product bundling to attain growth in sales. Since 2003 they have launched combo-packs in quick succession. The strategy of the Hindu news paper publisher is to push their publication with their English news paper covering annual subscription for news paper and discount offers for their publication like the Hindu survey of Indian industry and The Hindu survey of environment (annually published). As a result on concessional subscription one can read their dailies and survey of Indian industries and survey of environment.

Questions :

- i) Refer the case above, what is product bundling? (05 Marks)
- ii) Give examples of other sectors following the strategy of produce bundling. (05 Marks)
- iii) Briefly explain the advantages of product bundling strategy. (05 Marks)
- iv) What are the pre-requisites to implement Product bundling from economic angle? (05 Marks)

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