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20MBA12

First Semester MBA Degree Examination, Jan./Feb. 2021 Managerial Economics

Time: 3 hrs.

Max. Marks: 100

**Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.
2. Question No. 8 is compulsory.**

- 1 a. Distinguish between “Industry and Firm” with real corporate examples. (03 Marks)
b. Discuss the different methods available for demand forecasting. (07 Marks)
c. Evaluate the internal and external economics of scale. (10 Marks)
- 2 a. Mention the determinants of supply. (03 Marks)
b. Explain the concept of “Law of variable proportions” with the help of a diagram. (07 Marks)
c. Discuss the nature and scope of managerial economics. (10 Marks)
- 3 a. Distinguish between explicit and implicit cost. Give examples. (03 Marks)
b. Explain Baumol’s theory of sales revenue maximization. (07 Marks)
c. Explain the types of price elasticity with diagram. (10 Marks)
- 4 a. What do you mean by perfect competition? (03 Marks)
b. Discuss the socio-cultural environment that influences the growth and structure of business. (07 Marks)
c. Discuss the impact of WTO on India’s foreign trade. (10 Marks)
- 5 a. What are the various components of Gross Domestic Product (GDP)? (03 Marks)
b. Explain the significance of SME’s in Indian Economy. (07 Marks)
c. Provide SWOT analysis of Indian Economy. (10 Marks)
- 6 a. What do you mean by open and closed economics? (03 Marks)
b. What do you mean by oligopoly? Explain its features. (07 Marks)
c. A firm sells its products at the rate of Rs.7 per unit. The variable cost is Rs.2 per unit and the fixed cost is Rs.80,000.
(i) Calculate the breakeven point.
(ii) What would be the profit if the firm sells 40,000 units?
(iii) What would be the ‘BEP’ if the firm spends Rs.4000 on advertisement?
(iv) How much the seller should sell to earn profit of Rs.40,000? (10 Marks)
- 7 a. State exceptions to the law of demand. (03 Marks)
b. Explain various pricing strategies. (07 Marks)
c. Explain the price and output determination under monopolistic competition in the short-run with the help of a diagram. (10 Marks)

8 Case Study (compulsory)**Multiplex Pricing**

Multiplex business has gained steady momentum in India. Ticket prices in such multiplexes are adjusted in accordance to the movie, time of the day and the day of a week. Hit movies on a weekend or a holiday are charged the maximum, while during weekdays, when prices are kept lower, the benefit goes to the audience. Besides taking over the metros, these multiplexes have undertaken the risk of broadening their network to the non-metros. But the game in non-metros is slightly different from that in metros. The profit margin is slightly different in the non-metros, classified according to their affordability factor, taste and preferences. During weekdays, the prices of tickets vary from Rs.150-Rs.200 in the metros and soar up during the weekends at Rs.200-Rs.250. The morning shows are priced at Rs.60.00, Rs.80.00 to Rs.100.00 during the week. "Customers in these towns would not have the capacity to pay upwards of Rs.100 for a ticket, hence, we have entered these towns under a separate brand name of PVR talkies", says Ashish Shukla, Chief Executive Officer, PVR talkies.

Questions:

- What type of pricing strategy do you see in case of multiplexes? Evaluate on the basis of various pricing categories. (08 Marks)
- Is this price discrimination or flexible pricing? Justify. (08 Marks)
- Evaluate the objective of multiplexes on basis of their pricing strategy. (04 Marks)

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