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14MBA12

**First Semester MBA Degree Examination, June/July 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 What do you mean by cross elasticity of demand? (03 Marks)
- 2 What is ISO-quant? (03 Marks)
- 3 Discuss average cost and marginal cost. (03 Marks)
- 4 What is cartel? (03 Marks)
- 5 What is inflation? (03 Marks)
- 6 What are the advantages from globalization? (03 Marks)
- 7 What is fiscal policy? Which are the instruments of fiscal policy? (03 Marks)

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

- 1 State the law of demand and describe the exceptions to law of demand. (07 Marks)
- 2 What do you mean by technological progress? Discuss the different types of technical progress. (07 Marks)
- 3 After a careful statistical analysis tasty burgers of Mumbai concludes that the demand function for its burgers is  $Q = 500 - 3P + 2P_i + 0.1Y$ , where  $Q$  = Quantity demanded of its burgers,  $P$  = Price of its burgers,  $P_i$  = price of burgers of Jumbo burgers, the closer rival of tasty burgers,  $Y$  = Disposable income of consumers of Mumbai. In the year 2006,  $P = \text{Rs. } 10$ ;  $P_i = \text{Rs. } 20$   $Y = 6000$ .
  - i) What is the price elasticity for the burgers of tasty burgers?
  - ii) What is the income elasticity for burgers of tasty burgers?
  - iii) What is the cross elasticity of demand between the burgers of tasty burgers and jumbo burgers. (07 Marks)
- 4 What extent does the kinked demand curve help in explaining price rigidity under oligopoly? Explain. (07 Marks)
- 5 What is national income? Discuss the problems in measuring national income. (07 Marks)
- 6 Discuss the role of SSI in Indian economy. (07 Marks)
- 7 What is money supply? Discuss the measures of money supply. (07 Marks)

**SECTION - C**

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

- 1 What is managerial economics? Discuss the nature and scope of managerial economics. (10 Marks)
- 2 Explain the law of variable proportions with its various stages. What are the basic assumptions behind this law? (10 Marks)
- 3 Distinguish economics from dis-economics of scale and suggest possible causes of each. (10 Marks)
- 4 Which are the features that distinguish monopolistic competition from perfect competition? (10 Marks)
- 5 Give the SWOT analysis of Indian economics. (10 Marks)
- 6 Explain the impact of WTO on India's foreign trade. (10 Marks)
- 7 What is monetary policy? Discuss the various tools of credit control. (10 Marks)

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

The street food/fruits and vegetable market somewhat reflects the same conditions prevalent in any other sector, viz, many sellers selling homogenous products with little or no variations in the products nature, consumers/sellers possessing perfect information of the product in question and relatively few barriers to entry or exit. However the scenario of perfect competition in the street food/fruits and vegetable market is slightly more as compared to being present in other sectors due to advertising and branding efforts being used in other sectors to differentiate the product. The street vendors do not have any transaction costs as they do not advertise or brand their products. Moreover, consumers are not dedicated to any particular vendor and can negotiate the price to a large extent.

**Questions :**

- a. Explain the features of perfect competition. (05 Marks)
- b. Do you agree with the analysis in the case that street food/fruits and vegetable market is more similar to perfect competition like condition? (05 Marks)
- c. Can you give similar such examples? (05 Marks)
- d. What other characteristics of perfect competition can be seen in the street vendors of such items? (05 Marks)

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