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First Semester MBA Degree Examination, Dec.2018/Jan.2019 Economics for Managers

Time: 3 hrs.

Max. Marks: 80

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

- 1
 - a. Mention any three features of managerial economics. (02 Marks)
 - b. Explain Baumol's model of sales maximization with the help of a diagram. (06 Marks)
 - c. Explain the objectives and alternate objectives of firm. (08 Marks)

- 2
 - a. State three exceptions to "law of demand". (02 Marks)
 - b. Write a brief note on types of price elasticity of demand. (06 Marks)
 - c. Explain laws of variable Proportion. (08 Marks)

- 3
 - a. What is opportunity cost? (02 Marks)
 - b. For the demand function, determine whether demand is elastic, inelastic at a given price.
 $Q = 1500 - 20P$ and given $P = Rs. 5$ (06 Marks)
 - c. What is the positive impact of WTO on Indian Foreign Trade? (08 Marks)

- 4
 - a. What is peak load pricing? (02 Marks)
 - b. State the features of perfect competition. (06 Marks)
 - c. Explain the phases of Business cycle. (08 Marks)

- 5
 - a. What is GDP? (02 Marks)
 - b. Elaborate the salient features of Indian economy. (06 Marks)
 - c. What factors affect FDI Decision? (08 Marks)

- 6
 - a. What is Industrial policy? (02 Marks)
 - b. Enumerate the problems of SMES. (06 Marks)
 - c. State the positive implication of Globalization. (08 Marks)

- 7
 - a. Define revenue. (02 Marks)
 - b. What are the tools for credit control? (06 Marks)
 - c. A firm sell its product at Rs 30 per unit variable cost per unit constitute Rs. 17 as manufacturing cost, Rs 3 as selling cost, fixed overheads comprise of factory overhead of Rs 150000 and selling overheads of Rs 30,000. Calculate :
 - i) Selling price if 1000 unit are sold
 - ii) Variable cost and fixed cost
 - iii) BEP in amounts and unit
 - iv) Contribution
 - v) Sells to earn a profit of Rs 60,000 in value and in units (08 Marks)

8 Compulsory : Case Study

In India biscuit are produced by secular small and big manufactures, including Britannia, ITC, Parle etc. production of biscuits requires inputs of raw materials such as wheat, oil and sugar. The price of all these raw materials has gone up by 10 – 12 percent other associated cost have also gone up. Consequently, biscuit industry is passing through high input costs continuation of the cost pressure would imply increase in the price.

Questions :

- a. How do you analyze the cost prices relationship in Biscuit industry? (08 Marks)
- b. A low cost high volume product is to be released in the highly competition market. The manager is thinking adopt. One of the pricing strategies, suggests which one is best? (08 Marks)

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