



CBCS SCHEME

18MBA12

First Semester MBA Degree Examination, June/July 2019 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. Define I80 – Quant. (03 Marks)
b. Explain Baumol's model of sales maximization. (07 Marks)
c. Describe the nature and scope of managerial economics in relation to business and industry. (10 Marks)
- 2 a. What do you by "Envelope Curve"? (03 Marks)
b. There are few exceptions to the law of demand what are they? Explain. (07 Marks)
c. Explain five fundamental principles of managerial economics. (10 Marks)
- 3 a. Distinguish between substitute and complementary goods with example. (03 Marks)
b. Explain the concept of law of variable proportion with the help of diagram. (07 Marks)
c. Describe the types of price elasticity with diagram and example. (10 Marks)
- 4 a. Define CARTEL. (03 Marks)
b. Discuss the different methods available for demand forecasting. (07 Marks)
c. Explain with the help of diagram "kinked demand curve". (10 Marks)
- 5 a. Differentiate between accounting profit and economic profit. (03 Marks)
b. Briefly explain economics and dis-economics of scale. (07 Marks)
c. Construct a Break even chart and explain its assumptions and its managerial significance. (10 Marks)
- 6 a. State the law of supply. (03 Marks)
b. Elaborate Williamson's theory of maximization of managerial utility function. (07 Marks)
c. What are the features of perfect competition? Explain how price is determined under perfect competition in short run. (10 Marks)
- 7 a. Define "Loss leadership" (03 Marks)
b. Describe the least cost combination with example. (07 Marks)
c. "Managerial Economics is the integration of economics theory with business practice for the purpose of facilitating decision making and forward planning by management. Explain. (10 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.

8 **Compulsory : Case Study****Nokia Going the Qwerty Ways**

The Indian mobile handset market is projected to grow by 25% by volume in 2011 to 210 million units as against to 151 million units as on Dec 31, 2009, with smart phones contributing sales of nearly 12 million units in 2011. Nokia is still the most selling brand with a 56% market share but it is losing its market share due to due emergence and gradual popularity of Androids and smart phones, availability of local brands like Spice, and Micromax and shift in Indian consumer preference for more features. Nokia is all set to uphold itself as a trust worthy brand by adopting multiple strategies. "It's time we leave range our market position and brand". "we will sell several low cost dual SIM handsets with feature like camera, and radio which are much is demand" – says shivkumar the M.D and vice president for Nokia India while launching a new series of smart phones.

QWERTY is one of the fastest growing mobile phone categories in due world due to the rise in messaging and social networking. In order to cash in on the growing demand of QWERTY phones, Nokia on Thursday 27, 2011 launched its new handset. Nokia X2 – 01 with its low price, colourful design and optimized messaging ability. The Nokia X2 – 01 makes it easy to set up chat and send mail directly and superfast access to Ovi Mail, Ovi chat and more. This handset will help in democratizing the use of QWERTY keypads to Indian consumers. It will be available at Rs. 4, 459.

Questions :

- a. What are the alternate objective of the firm? (05 Marks)
- b. In your opinion what is the objective of Nokia in introducing the new series of phone? (05 Marks)
- c. Elaborate with relevant theory?
Do you agree that Growth maximization with managerial discretion is more suitable for public limited companies like Nokia? (05 Marks)
- d. 'Nokia can maximize the sales on the basis of brand name' comment. (05 Marks)
