



CBCS SCHEME

16/17MBA12

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First Semester MBA Degree Examination, June/July 2019 Economics for Managers

Time: 3 hrs.

Max. Marks:80

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

- 1
 - a. State any uses of Advertising Elasticity of demand for managerial decision making. (02 Marks)
 - b. A consumer buys 20 units of goods at a price of 5 per unit. He incurs on expenditure of 120 when he buys 24 units. Calculate price elasticity of demand using percentage method. Comment on the likely shape of demand curve based on this information. (06 Marks)
 - c. Explain significance and various methods of Demand forecasting. (08 Marks)

- 2
 - a. What is Isoquant Curve? (02 Marks)
 - b. Explain various types of economics of scale. (06 Marks)
 - c. Explain law of variable proportions with the help of diagram and its three stages. (08 Marks)

- 3
 - a. What is Opportunity cost? (02 Marks)
 - b. From the following information, calculate PV ratio, BEP and MOS :

Total sales	3,60,000
Selling price per unit	100
Variable cost per unit	50
Fixed cost	1,00,000

 (06 Marks)
 - c. How elasticity of demand can be used in Managerial Decision Making and determinants of Price elasticity of demand? (08 Marks)

- 4
 - a. What is relationship between AR, MR and elasticity demand under monopoly? (02 Marks)
 - b. Explain the characteristics, causes of oligopoly. (06 Marks)
 - c. Define law of demand and various determinants of demand. (08 Marks)

- 5
 - a. What is Monopolistic Competition? (02 Marks)
 - b. Discuss various phases of business cycles. (06 Marks)
 - c. What are characteristics and structure of Indian Economy? (08 Marks)

- 6
 - a. What are barriers to Globalization in India? (02 Marks)
 - b. Write about positive impacts of New Industrial Policy 1991. (06 Marks)
 - c. Describe various methods of credit control tools used by RBI to regulate credit. (08 Marks)

- 7
 - a. What is advertising elasticity of demand? (02 Marks)
 - b. What are the main characteristics of perfect competition? (06 Marks)
 - c. Explain scope and uses of managerial economics. (08 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) :

Amazon.com the online book seller wants to increase its total revenue. One strategy is to offer a 10% discount on every book it sells. Amazon.com knows that, its customer can be divided into two distinct groups according to their likely responses to the discount. The accompanying table shows how the two groups respond to the discount.

	Group A Sales per week	Group B Sales per week
Volume of sales before the 10% discount	1.55 million	1.50 million
Volume of sales after the 10% discount	1.65 million	1.70 million

Questions :

- Using the mid point method, calculate the price elasticities of demand for group A and group B. (08 Marks)
- Explain how the discount will affect total revenue from each group. (04 Marks)
- Suppose Amazon.com knows which group each customer belong to when he logs on and can choose whether or not to offer the 10% discount. If Amazon.com wants to increase total revenue should discounts be offered to group A or to group B to neither group or to both groups. (04 Marks)
