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I Semester M.B.A. Degree Examination, June/July - 2023

MANAGEMENT

Economics for Business Decisions

(CBCS Scheme)

Paper : 1.4

Time : 3 Hours

Maximum Marks : 70

SECTION - A

Answer any Five questions, each question carries 5 marks.

(5×5=25)

1. Explain the law of returns to scale using isoquants.
2. Comment on Boumal's theory of Sales - Revenue maximization.
3. Managerial Economics is applied in Decision making process. Explain.
4. What is the shape of Demand Curve in perfect competition? Give reasons.
5. Discuss the different types of Inflation.
6. Analyze the relationship between Total, Marginal and Average Revenue.
7. Write a note on Ridge lines and the practical application.

SECTION - B

Answer any Three questions, each question carries 10 marks.

(3×10=30)

8. How is measurement of National Income done in India? Explain the main difficulties in this regard.
9. An investigation into the demand of Air Conditioners in 6 towns is as follows:
Population of town (in lakhs) 10 12 14 16 18 20
No. of Air Conditioners Demanded 100 130 150 165 200 240
Estimate the demand of Air Conditioners for a town with a population of 25 Lakhs.
10. What are the Indifference Curves? Explain the major properties of Indifference curves.
11. Multiplexes in India raises price of movie tickets during peak hours. Comment on the pricing strategy used by movie theaters. Also explain different types of Pricing Strategies.

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SECTION - C

Compulsory question.

(1×15=15)

12. Case Study :

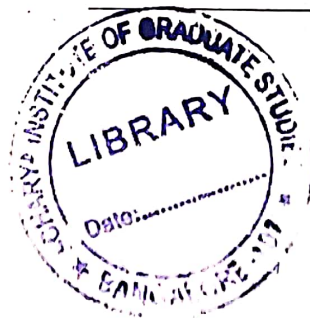
Based on the general features and facilities, offered, the Ministry of tourism, government of India, classifies hotels into seven categories. Five star deluxe, five star, four star, three star, two star, one star, and heritage hotels. These apart, there are hotels in the unorganised sectors that have a significant presence across the country and cater, primarily to economy tourists. Encouraged by the boom in tourism and increased spending on leisure, there has been an influx of globally, renowned groups by way of joint ventures.

The premium and luxury segment (high-end five star deluxe and five star hotels) mainly cater to and up market foreign leisure, travellers and offer a high-quality and wide range of services. These constitute about 30% of the hospitality industry in India. The mid market segment (three and four star hotels) offers most of the essential services of luxury hotels, without the high costs, since the tax component of this segment are lower compared to the premium segment. The budget segment comprises of one and two star hotels, which provides inexpensive accommodation for highly price, conscious segment of travellers. Heritage hotels are architecturally distinctive properties, such as palaces, forts, built prior to 1950s that have been converted to hotels.

In the face of stiff competition, hotels in India, have come up with ingenious ways to attract customers. These hotels distinguish themselves with the beds, bathrooms, amenities and complimentary breakfast. Other facility may include innovations in food and beverages products, spa, fitness centre, or other lifestyle facilities. The ongoing revolution on the cuisine has been accompanied by innovations, such as free standing and rich restaurants..

Questions:

- i. What kind of competition is existing in the present case. Explain the features of such competitive market structure.
- ii. Explain how prices and output decisions are made in such competitions.
- iii. Will advertising change the structure of competition in hotel industry?





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I Semester M.B.A. (Day & Eve) Degree Examination, July- 2022

MANAGEMENT

Economics for Business Decisions

(CBCS Scheme 2019 Onwards)

Paper : 1.4

Time : 3 Hours

Maximum Marks : 70

SECTION - A

Answer any Five of the following questions. Each questions carries 5 marks. (5×5=25)

1. Managerial Economics is applied in Decision making process. Explain.
2. What is the shape of demand curve in the perfect competition? Give reasons.
3. Distinguish between extension of demand and increase in demand.
4. Discuss the factors which accounts for increasing returns to scale and decreasing returns to scale.
5. What are ridge lines? Explain its importance in production.
6. What is a trade cycle? What are its various phases?
7. Find the cross elasticity of demand between X and between Y and Z for the data in table given below.

Commodity	Before		After	
	Price Rs/Unit	Quantity	PriceRs/Unit year	Quantity
Y	8	150	6	200
X	4	100	4	75
Z	10	6	12	5
X	4	100	4	90

SECTION - B

Answer any Three of the following questions. Each question carries 10 marks.(3×10=30)

8. A company has the following data, Estimate Sales for 2022.

Year	Sales (Rs. in '000)	Year	Sales (Rs. in '000)
2018	100	2018	140
2019	107	2019	181
2020	128	2020	192

[P.T.O.]





9. How is the measurement of national income done in India? Explain the main difficulties in this regard.
10. Define Oligopoly. Explain the concept of Price rigidity and collusion in Oligopoly.
11. Multiplexes in India raises price of tickets during peak hours. What type of pricing strategies are used by movie theatres? Why? Explain the concept of type of pricing strategies and its elements.

SECTION - C

12. Compulsory.

(1×15=15)

The changing lifestyles of Indian consumers, alongside an increase in nuclear families, have been fuelling the trend of out - of - home consumption of food. This market's growth is further sustained by the rise in working population and the spurt in disposable incomes which have resulted in higher expenditure on eating out/ordering-in. It is envisioned that these factors, along with other growth drivers, will continue to propel the market's growth over the short to long term. The spurt in the number of doubles - income households, is also instrumental to the restaurant market's growth. In essence, it is the convenience offered that builds the image and business of Restaurant.

The demand of a restaurant is likely to be very elastic and downward sloping because there are many other food outlets available to customers with differentiated product, But the demand is not perfectly elastic (i.e. horizontal) because, each restaurant has something to offer other restaurants do not: for instance, convenience, location, elaborate menu, or just atmosphere. There is no barrier of entry or exit. A restaurant should accept customers as long as the additional or marginal revenue exceeds the additional or marginal cost of the last meal served. This seems to be apparent in the reservation process which limits the number of patrons. Without reservations, the restaurant would either have to serve customers in overcrowded conditions or make them wait online. All successful restaurants have scores of imitators. Non price competition is very evident in restaurant industry. For instance, several chains have attempted to duplicate McDonald, and siphoned some of its customers and profits. But McDonald has fought back with extensive advertising. Brand name producers have a variety of means to make their products special to customers. Most important is advertisement which generic item producers would obviously not use.

Questions :

1. Which type of market competition this case belongs? Give justification of your answer with suitable examples.
2. What are the various ways of non - price competition prevailing in Restaurant industry?
3. Do you think that the economic effect of non - price competition is an overall undesirable loss of allocative and productive efficiency : the customer pays more and is able to buy less? Give your arguments for or against non - price competition.

