CBCS SCHEME

USN

MBA103

First Semester MBA Degree Examination, June/July 2025
Economics for Decision Making

Time: 3 hrs. Max. Marks: 100

*Notes: 1. Answer any **FOUR** full questions from Q.No. 1 to Q.No. 7*
2. Question No. 8 is compulsory.
3. M: Marks, L: Bloom's level, C: Course outcomes.

			M	L	C
Q.1	a.	Write the difference between firm and industry.	3	L2	CO1
	b.	Explain the roles and responsibilities of managerial economist.	7	L3	CO1
	c.	Illustrate the Williamson's model of managerial utility function.	10	L3	CO1
Q.2	a.	Define perfectly elastic demand.	3	L2	CO2
	b.	List any five exceptions to the law of demand.	7	L2	CO2
	c.	Explain the various degrees of price elasticity of demand.	10	L3	CO2
Q.3	a.	How does demand forecasting assist in financial planning?	3	L2	CO3
	b.	Describe exponential smoothing and its application in demand forecasting	7	L3	CO3
	c.	Explain the scope of Managerial Economics	10	L5	CO3
Q.4	a.	A company experiences diminishing returns due to excessive use of labor. Suggest remedies to improve productivity.	3	L3	CO4
	b.	Explain the concept of the Marginal Rate of Technical Substitution (MRTS).	7	L3	CO4
	c.	Evaluate the role of technological advancements in achieving economies of scale	10	L4	CO4
Q.5	a.	Can perfect competition exist in the real world? Justify your answer with example.	3	L3	CO4
	b.	Describe the kinked demand curve model and its implications.	7	L2	CO4
	c.	List the different pricing strategies used by firms in monopolistic competition. Why do firms under monopolistic competition prefer non-price competition over price wars?	10	L2	CO5
Q.6	a.	If you were starting a business in India, how would you assess the regulatory and legal environment before launching?	3	L3	CO5
	b.	What are the different types of fiscal policy? Explain each with examples.	7	L4	CO5
	c.	Explain in detail about the objective of monetary policy in India.	10	L3	CO5

Q.7	a.	List any three sectors covered under the PLI Scheme.	3	L2	CO6
	b.	Describe the impact of Atmanirbhar Bharat on the manufacturing and startup ecosystem in India.	7	L3	CO6
	c.	Discuss the role of liberalization, privatization, and globalization (LPG) in the New Industrial Policy.	10	L4	CO6
Compulsory Questions					
Q.8	a.	Anna owns the Sweet Alps Chocolate store. She charges Rs.10 for her hand made chocolate. You, the economist, have calculated the elasticity of demand for chocolate in her town to be 2.5. If she wants to increase her total revenue, what advice will you give her and why?	5	L4	CO2
	b.	If the cross elasticity of demand between peanut butter and milk is -1.11, then are peanut butter and milk substitutes or complements? Be able to explain your answer.	5	L4	CO2
	c.	A 10 percent increase in income brings about a 15 percent decrease in the demand for a good. What is the income elasticity of demand and is the good a normal good or an inferior good?	5	L4	CO2
	d.	If the price of good increases by 8% and the quantity demanded decreases by 12%, what is the price elasticity of demand? Is it elastic, inelastic or unitary elastic? Discount stores sell relatively elastic goods. *Ceteris paribus*, explain why selling at a relatively low price is profitable for them?	5	L4	CO2

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