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**Second Semester MBA Degree Examination, June/July 2025**  
**Managerial Economics**

Max. Marks: 100

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

			M	L	C
Q.1	a.	State the Law of Demand.	3	L2	CO2
	b.	Explain briefly the different objectives of a firm.	7	L1	CO2
	c.	Describe the nature and scope of managerial economics in relation to business and industry.	10	L1	CO2
Q.2	a.	State three exception to law of demand.	3	L1	CO2
	b.	What is price elasticity of demand? Explain different types of price elasticity of demand.	7	L2	CO3
	c.	Explain the different methods of demand forecasting.	10	L3	CO5
Q.3	a.	What is break even analysis?	3	L4	CO2
	b.	Define "Economics of scale" in the broad sense, explain five forms of internal economics.	7	L4	CO2
	c.	Explain the short-run-cost output relationship with statistical examples.	10	L4	CO5
Q.4	a.	What is margin of safety?	3	L4	CO1
	b.	Characterize break even chart graphically. Also state the assumptions.	7	L4	CO3
	c.	The fixed expenditure of the firm is Rs.24000. Its variable cost of product is 5 per unit. Its selling price is Rs.8 per unit. Determine: i) Break even quantity and value ii) Safety margin for the sale of 10,000 units.	10	L4	CO5
Q.5	a.	What is Price discrimination?	3	L5	CO1
	b.	Explain the characteristics of perfect competition.	7	L5	CO3
	c.	Explain diagrammatically price and output determination under monopoly competition.	10	L5	CO4



Q.6	a.	What is Business Environment?	3	L6	CO1
	b.	Explain Role of SME in Indian Economy.	7	L6	CO5
	c.	Briefly explain the credit control tools used by RBI to regulate credit in the economy.	10	L6	CO4
Q.7	a.	What is monetary policy?	3	L6	CO1
	b.	Critically evaluate New Industrial Policy 1991.	7	L6	CO5
	c.	Explain the law of variable proportions with the help of diagram.	10	L4	CO5
Q.8	<p style="text-align: center;"><b><u>CASE STUDY (Compulsory)</u></b></p> <p style="text-align: center;"><b><u>CNG Vehicles</u></b></p> <p>CNG has grown into one of the major fuel sources used in car engines globally. In all 28 CNG models are in production globally by Audi, Fiat, Ford, Honda, Hyundai, Lincoln, Mercedes Benz, Opel, Peugeot, Renault, Toyota and Volkswagen, some of the countries have taken big lead in this field, Pakistan tops the list with more than 60% vehicles running on CNG followed by Armenia (32%).</p> <p>The main factor causing this rapid growth includes current energy crisis increasing environmental awareness and price differentials between CNG and petrol. A look of price will make the point more clear. In India, CNG cost are at Rs.35 per kg compared with Rs.101 per liter of petrol. Although India has only 1.3 percent of its vehicles running on CNG but New Delhi is home to largest fleet of CNG public transportation vehicles in the world because the use of CNG is mandated for the public transport system in New Delhi. Consumers throughout the country are following suit. Automakers are currently vying for marketing positions to further India effort for CNG conversion.</p> <p><u>Questions</u></p>				
	a.	What is the relationship between the demand for CNG and petrol?	5	L6	CO1
	b.	What will be the impact on demand for CNG if prices of petrol decline?	5	L6	CO1
	c.	In your opinion, what could be the reason for difference in usage of CNG in India and Pakistan?	5	L6	CO5
	d.	According to you, why the CNG demand in India is not increasing? Justify.	5	L6	CO5