SEE QUESTION PAPER PG

Global Academy of Technology, Bengaluru (Autonomous institution, Affiliated to VTU)			
Master of Business Administration			**Semester End Examination**
Course	**Economics for Managers**	**Course Code**	**20MBAC12**
Time: 3.00 hr	**Note:** 1. **Answer any 4 full questions from Q. No. 1 to 7.** 2. **Q. No. 8 is compulsory**		**Max. Marks: 100**

Q. No.		Questions	Marks
1	a	What is managerial Economics?	5
	b	Employ a demand curve to explain what would happen to demand for: i) New cars if consumer income increased. ii) Milk, if coffee prices increased 400%. iii) Mopeds, if the price of fuel tripled. iv) DVD players if the price of video discs fell 50%. v) Potato, if its price gets doubled.	5
	c	Briefly explain the different methods of demand forecasting.	10
2.	a	Explain the law of returns to scale.	5
	b	What is accounting profit and economic profit? Which profit concept will help managers to appropriately evaluate business operations? Why?	5
	c	Explain the nature, scope, and significance of managerial economics.	10
3.	a	State the law of supply. Explain the functional relationship between supply and its determinants.	5
	b	Explain the five fundamental concepts of managerial economics.	5
	c	The demand for a given product is Q: 1000 - 10P. i) At what price will quantity demanded be equal zero? ii) At what price will quantity demanded be equal 1000? iii) At what price will quantity demanded be equal 200? iv) Write the demand equation with price as a function of quantity demanded.	10
4	a	Match the pricing approaches viz. product bundling, perceived value pricing, loss leader pricing, penetration pricing etc. for the following products. i) Basic mobile handsets ii) Tanishq jewelry iii) HP printers and cartridges iv) Train fare in Shatabdi and Rajdhani express. v) Airlines	5

		providing various discounts on tickets purchased at different points of time.	
	b	Explain with the help of a diagram 'Kinked Demand Curve'.	**5**
	c	"It is believed that a firm under perfect competition is a price-taker and not a price maker." Explain with suitable diagram.	**10**
5	**a**	Distinguish explicit and implicit cost.	**5**
	b	Mention the salient features of long run average cost curve. What is the significance in managerial decision making?	**5**
	c	There are few exceptions to the law of Demand. What are they? Explain.	**10**
	a	What is meant by Break Even Analysis? What are its limitations?	**5**
6	b	What are features of perfect competition? Explain how price is determined under perfect competition in the short run?	**5**
	c	Briefly explain different types of cost.	**10**
7	a	Explain the concept of opportunity cost and its linkage with production possibility curve.	**5**
	b	Explain Total cost. Average cost and Marginal cost in short run with an example.	**5**
	c	A number of empirical studies of automobile demand in a country have observed that the price elasticity is approximately -1 .2 and the income elasticity is +2.8. The current sales amount is 8lakhs units. If the price rises by +l0% and income rise by 5% in the next year, how many cars can be expected to be sold?	**10**
		Part B – Compulsory Question	
8.		The following formation is given: Sales Rs.2,00,000, Variable Cost Rs.1,20,000, Fixed Cost Rs.30,000. Calculate the following: i) Break Even Point ii) New BEP if the selling price is reduced by 10%. iii) New BEP if the Variable cost increases by 10%. iv) New BEP if the Fixed cost increases by 10%.	**20**