

Roll No.

Total No. of Pages : 02

Total No. of Questions : 17

**MBA (2019 Batch) (Sem.-1)**  
**MANAGERIAL ECONOMICS**

Subject Code : MBA-102-18

M.Code : 75403

Time : 3 Hrs.

Max. Marks : 60

**INSTRUCTIONS TO CANDIDATES :**

1. SECTION-A contains EIGHT questions carrying TWO marks each and students has to attempt ALL questions.
2. SECTION-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and consist of ONE Case Study carrying TWELVE marks.

**SECTION-A**

**Answer briefly :**

1. What is Managerial Economics?
2. What is Opportunity Cost?
3. What is Average Revenue?
4. What is Budget Multiplier?
5. What is Cross Elasticity?
6. GDP
7. Profit
8. Unemployment

**SECTION-B**

**UNIT -I**

9. What do you mean by demand? What are the determinants of demand?
10. Define Indifference Curve. What are the properties of Indifference Curve?

## UNIT-II

11. Explain the Law of Variable Proportion.
12. Explain the relationship between Cost and Production Function.

## UNIT-III

13. Explain Price Leadership model of Oligopoly.
14. Explain different pricing practices in India.

## UNIT-IV

15. What are various motives for holding money?
16. Explain different methods of measuring National Income.

## SECTION-C

### 17. Case Study :

Jindal Pvt. Ltd. was established in 1995. The company started manufacturing of Water Geyser with a brand name of 'Ganga'. During initial 10 years, the company made good profits. But, its profits gradually declined due to competition from national brands. The promoters of the company had a committed team of workers who were constantly working on Research and Development. Finally, they came out in the year 2006, with an innovative product, named Maha Ganga which runs even at very low voltage and consumes less electricity. Thus, the company is monopoly manufacturer of 'Maha Ganga'. The company is currently supplying its products in geographically separated markets of Punjab and Haryana. The company is currently charging the same price in Himachal Pradesh and Uttarakhand. The Chief Economist of the company has informed the top management that price elasticity of demand at currently-charged price is 3 in Himachal Pradesh and 5 in Uttarakhand. The top management is planning to charge two different prices in Punjab and Haryana in order to make more profits.

### Questions :

- (1) Will it be possible for the company to charge two different prices in Himachal Pradesh and Uttarakhand? If yes, under what conditions? Explain.
- (2) Will it be profitable for the company to charge two different prices in Himachal Pradesh and Uttarakhand? - Explain.
- (3) Given the volume of total production, supply will be transferred from Himachal to Uttarakhand or from Uttarakhand to Himachal. Why? (Assume that transport cost for supplying the product in both the states is the same for the company.)

**NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.**