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Total Number of Pages: 02

**MBA**  
**MGT-102**

**FIRST SEMESTER(BACK) Examination – 2015-16**  
**MANAGERIAL ECONOMICS**

**Branch: MBA**

**Time: 3 Hours**

**Max marks: 70**

**Q.CODE:T809**

**Answer Question No.1 which is compulsory and any five from the rest.**  
**The figures in the right hand margin indicate marks.**

- Q1 Answer the following questions: (2 x 10)
- Why cell phones are considered as scarce goods?
  - If there are only two goods, apples and oranges, what happens if the price of each good increases by 15%?
  - What is the difference between a normal good and an inferior good?
  - For what reasons supply curves generally slope upward?
  - If an increase in the price of a product from Rs.1 to Rs.2 per unit leads to a decrease in the quantity demanded from 100 to 80 units, then what would be the value of the price elasticity of demand?
  - Ramesh moved his office from a building he was renting down town to the carriage house he owns in back of his house. How will his costs change?
  - Why do monopolistically competitive firms ignore the effects of their decisions upon other firms in the industry?
  - What do you mean by economic fluctuations?
  - Why GDP is a poor measure of social well-being?
  - What does loss-leader pricing refer to?
- Q2 Managerial economics helps in decision making in the framework of uncertainty and scarcity of resources. Discuss the statement and elaborate with an example. (10)
- Q3 Imagine that there is a drought in the nation. Discuss the possible comparative statics of the impact of drought on the demand and supply of food grains in the nation. (10)

- Q4 “The slope of an ISO-quant is a measure of the relative marginal productivities of the factors”. Discuss. (10)
- Q5 Differentiate between market sharing cartel and centralized cartel. Is price leadership in an oligopoly an efficient way of tackling collusion among firms? Discuss. (10)
- Q6 What are the factors that influence the pricing policy? Discuss the major pricing strategies adopted by firms in India. (10)
- Q7 Describe the various components of the fluctuations in economic activity over time. Because economic activity fluctuates, how is long-term growth possible? (10)
- Q8 If zero inflation is bad, why would a government try to control inflation? Explain. (10)