

Code No: MB1912/R19

MBA I Semester Regular Examinations, February-2020

MANAGERIAL ECONOMICS

Time: 3 Hours

Max. Marks: 75

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*Answer Any FIVE Questions, one from each unit  
Question No. 11 is Compulsory*

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**UNIT-I**

- 1a. Define Managerial economics. Explain its importance in decision making. 6M  
b. What is discounting principle? Explain with example. 6M

**(OR)**

- 2a. Distinguish between micro economics, macro economics and managerial economics. 6M  
b. What are the contributions and limitations of managerial economics to business managers? 6M

**UNIT-II**

- 3a. Define the law of demand. What are its exceptions? Explain. 6M  
b. What are the factors that influence the elasticity of demand? Discuss. 6M

**(OR)**

- 4a. Illustrate the concept of Cross Elasticity of Demand with Examples. 6M  
b. What are the steps in scientific approach to demand forecasting? 6M

**UNIT-III**

5. Explain the concepts of isoquants and isocosts. Analyze how the manufacturer reaches the least cost combination of inputs. Illustrate. 12M

**(OR)**

- 6a. Discuss internal and external diseconomies of scale. 6M  
b. Explain Cobb- Douglas production function. 6M

**UNIT-IV**

- 7a. Compare and contrast between perfect competition and monopoly. 6M  
b. How is the equilibrium position attained by a monopolist under varying cost conditions? 6M

**(OR)**

- 8a. Explain price output determination in case of perfect competition. 6M  
b. What is Prisoner's Dilemma? Explain. 6M

**UNIT-V**

9. What is inflation? Explain types, causes, measurements and effects on sectors of economy. 12M

**(OR)**

10. Define National income. Discuss different concepts of National income in detail. 12M

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**11. CASE STUDY:**

**15M**

During a recessionary period, in the United States, CEO's of the General Elite Business School is planning to rebrand the school and also is forecasting to attract prospective candidates for 2017 admissions. The school is planning to create additional demand of 50%. For rebranding process EBS management is planning to develop their infrastructure in three different ways:

Strategy-I: Purchase an existing B-School building and modify its structure in Mumbai city.

Strategy-II: Renovate/Uplift existing EBS building at Pune.

Strategy-III: Construct a new building in and around its existing place.

From the above situation:

**Questions:**

(i) Discuss the pros and cons of each strategy?

(ii) Which strategy would you prefer and why?

(iii) Justify your recommendations with the Economic - decision making concepts.

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