

FIRST SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2019

(CUCSS)

M.B.A.

BUS 1C 06—MANAGERIAL ECONOMICS

(2016 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A*Answer all the questions.**Each question carries 1 weightage.*

1. What is Income Elasticity of demand ?
2. Explain opportunity cost principle with an example.
3. What is loss leader pricing ?
4. What is meant by National Income ?
5. What is break-even point ?
6. What is Price discrimination ?

(6 × 1 = 6 weightage)

Part B*Answer any four questions.**Each question carries 3 weightage.*

7. Explain the various methods of estimating National Income.
8. Discuss the uses of break-even analysis.
9. Discuss the various measures that can be taken by a firm to counter act the evil effects of a trade cycle.
10. Explain price rigidity under oligopoly in terms of Kinked demand curve.
11. Explain different types of Inflation.
12. Explain the Law of demand with help of demand schedule. Mention the exceptions to the law of demand.

(4 × 3 = 12 weightage)

Turn over

Part C

Answer any three questions.

Each question carries 4 weightage.

13. The Production manager of a company estimates that their production process is currently characterized by the following short run production function :

$$Q = 72x + 15x^2 - x^3,$$

where Q = tonnes of production per year

x = Units of variable input per production period.

Answer the following questions :

- (i) Determine the equation of MP and AP of the variable factor.
 - (ii) What is the Marginal Product when seven units of the variable input are employed ?
 - (iii) What is the maximum output capability per year ?
14. Explain the various methods of demand forecasting.
15. Describe the law of variable proportions and mention its importance in production.
16. Explain the difference between a shift in the supply curve and a movement along the supply curve.
17. Explain the characteristics of different types of Market Structures.

(3 × 4 = 12 weightage)

Part D

Answer the compulsory questions.

6 weightage.

18. In India biscuits are produced by several small and big manufactures, including Britannia, ITC foods, Parle and Priya Gold among several others.

Production of biscuits requires inputs of raw materials such as wheat, oil and sugar. The cost of these would go up by 10–12 percent every year. Consequently, biscuit industry passes through high input cost. Continuation of the cost pressures would imply increase in the prices of biscuits. In fact, Surya Foods and Agro Ltd (Makers of Priya Gold) already announced prices ranging from Rs. 7 to Rs. 5 on the packets. Likewise Parle also increased Rs. 2 to Rs. 2.5 per kg.

Questions :

- (a) How do you analyze the cost-price nexus in biscuit industry ?
- (b) What is the general nature of demand for biscuits in India ?
- (c) What according to you are the reasons for changing cost price structure of an Indian biscuit industry ? Justify your answer.

(6 weightage)