

**A1075**

Name.....

Register No.....

**NAIPUNNYA INSTITUTE OF MANAGEMENT AND INFORMATION  
TECHNOLOGY (AUTONOMOUS)**

**FIRST SEMESTER END SEMESTER EXAMINATION JANUARY 2026**

**M.B.A**

**BUS1C06 - MANAGERIAL ECONOMICS**

Time:3 Hours

Maximum:60 marks

**Part A**

Answer **all** questions

Each question carries 2 marks

1. What is incremental concept? L2; CO2
2. What is the difference between individual demand and market demand? L2; CO2
3. Define an isoquant. A firm is producing 500 units of output. What is the significance of the isoquant representing this output level for managerial decision-making? L2; CO2
4. Explain the key characteristic that differentiates monopolistic competition from perfect competition. L2; CO1
5. Define an isoquant. A firm is producing 500 units of output. What is the significance of the isoquant representing this output level for managerial decision-making? L2; CO2

(5 × 2 = 10 marks)

**Part B**

Answer any **four** questions

Each question carries 4 marks

6. Discuss the discounting and compounding principles. L2; CO2
7. A new startup offering a subscription-based organic meal-kit delivery service wants to forecast demand for the upcoming year. The company has no historical sales data. Suggest two appropriate demand forecasting techniques, one qualitative and one quantitative, that the company could use. Justify your selection for each technique. L3; CO2
8. State the relationship between TC, AC and MC. L2; CO2
9. Discuss the features of perfectly competitive market. L2; CO1
10. During a recession, a central bank decides to use expansionary monetary policy to stimulate the economy. Using any two tools, explain how it would implement this policy and justify the expected impact on aggregate demand. L3; CO3
11. What is meant by time perspective in business decision? Under what kind of business decisions time perspective become an important consideration? L2; CO2

(4 × 4 = 16 marks)

Turn Over

### Part C

Answer any **three** questions  
Each question carries 8 marks

12. Why does demand curve slope down to the right? Under what conditions can a demand curve slope upward to right? Explain with examples. L4; CO2
13. A popular streaming service, "StreamCo," has seen its user base flatten despite continuously adding new content to its platform. The company's strategy of offering more content for the same monthly subscription fee has not yielded the expected increase in user engagement or market share. Using the Law of Diminishing Marginal Utility, analyze why StreamCo's strategy might be failing. Based on this analysis, what alternative strategies should the company consider to maximize customer utility and engagement? L5; CO2
14. A production manager notices that increasing the number of assembly line workers (a variable input) in their factory, which has a fixed number of machines, initially leads to a significant increase in output per worker. However, after a certain point, adding more workers results in a smaller increase in total output, and eventually, the output starts to decline. Analyze the economic rationale behind this observation, differentiating between the different stages of the Law of Variable Proportions based on the behavior of marginal product. L4; CO2
15. What is price discrimination? Discuss who can exercise price discrimination and in which market structure it can be exercised? L4; CO1
16. Contrast the core assumptions and policy prescriptions of the Harrod-Domar model with those of the Mahalanobis model. Which model's approach to industrialization do you consider more pragmatic for a developing economy like India in the post-independence era? Justify your choice with specific reasoning. L5; CO4

(3 × 8 = 24 marks)

### Compulsory

17. Two leading technology firms, AlphaTech and BetaCorp, dominate the premium smartwatch market. Both firms spend heavily on R&D and marketing to attract high-income consumers. A third, smaller firm, Gamma Innovations, is considering entering this lucrative market. Gamma Innovations specializes in manufacturing smart-watches that offer only basic functionality but at a significantly lower price point, targeting the mass market. Gamma's entry has the potential to disrupt the existing market structure. AlphaTech and BetaCorp can either maintain their premium pricing or reduce their prices to compete with Gamma.

Questions:

- a) Analyze the market structure before and after Gamma Innovations' entry.
- b) Using a game theory framework, evaluate the possible pricing strategies of AlphaTech and BetaCorp in response to Gamma's entry. Would the market reach a Nash equilibrium? Explain your reasoning. L5; CO1

(1 × 10 = 10 marks)

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