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Total No. of Pages : 03

Total No. of Questions : 15

**MBA (2016 to 2017) (Sem.-1)**  
**MANAGERIAL ECONOMICS**

Subject Code : MBA-105

M.Code : 49005

Time : 3 Hrs.

Max. Marks : 60

**INSTRUCTION TO CANDIDATES :**

1. **SECTION-A** contains **SIX** questions carrying **FIVE** marks each and students has to attempt any **FOUR** 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 **EIGHT** marks.

**SECTION-A**

1. Enlist assumption of ordinal utility approach.
2. Briefly explain law of equi-marginal utility.
3. Highlight importance of modern cost theory in managerial decisions.
4. Discuss applications of Nash equilibrium.
5. How Foreign trade multiplier works? Explain.
6. Describe key features of depression and recession.

**SECTION-B****UNIT-I**

7. Discuss the uses of opportunity cost and production possibility curve in managerial decisions with the help of relevant examples.
8. How can law of marginal utility be utilised for understanding consumer behaviour and achieving objectives of sales maximisation? Answer in detail.

## UNIT-II

9. Define demand forecasting and explain its techniques in detail.
10. How long run production decisions are taken by the production managers? Give detailed answer.

## UNIT-III

11. What are the applications of long run average cost in business decisions pertaining to cost management? Discuss.
12. Illustrate output and price determination decisions under monopolistic competition.

## UNIT-IV

13. Highlight the need and importance of Classical and Keynesian theories of income and employment in business decision making process? Explain in detail.
14. Discuss in detail types, causes and effects of inflation.

## SECTION-C

### 15. Case Study :

PepsiCo, Deutsche Bank, Microsoft, Adobe, Diageo— what do all of them have in common? Yes, they are all multinational companies with a strong presence around the globe. But more importantly, they all have an Indian manager calling the shots. The rise of the Indian CEO is both a matter of pride and learning. In a study by S&P 500, Egon Zehnder found that India is only second to America when it comes to the most number of CEOs from a particular nationality. In August 2011, Time magazine ran a cover story titled “India’s leading export: CEOs” aptly capturing the growing fascination of the world with Indian business leaders.

Why is the world besotted with Indian managers? The answer lies in the unique challenges that these managers learn to face while honing their skills in the country. It was the native disadvantages—red tape, bureaucracy, faulty infrastructure—which turned out to be their biggest advantages. This, coupled with a terrific exposure to multiculturalism and a bootstrapped developing economy, provided them with the edge to get things done in unfavourable conditions.

Having grown up in a transitioning economy which was learning to embrace liberalization and opening itself up to the world, this crop of managers experienced an astonishing level of competition from all corners.

“We had to learn to compete with international players but also with very good, extremely fast local ones,” says Vindi Banga, a partner at Clayton Dubilier & Rice. He further adds, “Liberalization unleashed a level of competition that makes you stand on your toes.” He recalls how during his tenure as the CEO of Hindustan Unilever, the company’s leading detergent Surf faced off with Nirma, a locally produced brand. “It didn’t cost 5% less, or 10% less,” says Vindi. “It cost a third of our product. We had to make a product that was better, for the same price.” Within a year, they did.

**Based on the above case, answer following questions :**

- a. Elaborate the specific competencies of Indian CEOs working in multinational companies.
- b. Highlight the challenges discussed in the case which were effectively managed by the Indian managers.
- c. State the role of managerial economics in the decision making of CEO being utilised in understanding and managing challenging market situations.

**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.**