

Total No. of Pages : 02

Total No. of Questions : 06

PIT MBA (Sem.-1)
MANAGERIAL ECONOMICS

Subject Code : MBA-105

Paper ID : [51185]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. **SECTION-A** contains **SIX** questions carrying **TWO** marks each and students has to attempt **ALL** questions.
2. **SECTIONS-B** consists of **FOUR** questions each carrying **TEN** marks each and student has to attempt **ALL** questions.
3. **SECTION-C** is consist of **ONE** Case Study carrying **EIGHT** marks.
4. **All Questions are Compulsory.**

SECTION-A

Q1 Write short notes on the following :

- Incremental principle.
- What is movement along demand curve?
- Properties of Indifference Curve.
- Managerial decision making.
- What is kinked demand curve?
- Explain utility analysis.

SECTION-B

Q2 “Managerial economics is the discipline which deals with the application of economic theory to business management” Explain your answer by pointing out how managerial economics differs from economics.

- Q3 Explain how short run and long run cost function can be used by firm for profit maximisation and cost control decision. Support your answer with diagram.
- Q4 Identify the competitive and the monopoly elements. Compare and contrast monopolistic competition with perfect competition with reference to adjustment and outcome in term of equilibrium.
- Q5 a) Explain economies and diseconomies of scale in brief.
- b) State the difference between iso-quant and Indifference Curve.

SECTION-C

Q6 Case Study :

“Lucky store”, grocery store situated in the middle of a quiet residential area which catered to the needs of the families living nearby and the three big schools. Ramesh, the owner believed that he had an advantage as there were no markets or supermarkets within 5 Kms radius from his shop. After 6 months, at the end of the road, a petrol station started where the petroleum company promoted the convenience store. Ramesh found that he had to reduce the price in order to sustain his customers. Two months later self help counter grocery came up on the road parallel to Lucky store. As competition grew, Ramesh offered special promotion of 10% discount for every packet of ready -to-eat snacks.

Answer the following :

- a) Analyse the situation and comment.
- b) For what price should Ramesh sell the new snack?