M.B.A. DEGREE EXAMINATION, DECEMBER 2023

First Semester

Faculty of Management Science

Core - MB010103 - MANAGERIAL ECONOMICS

2019 Admission Onwards

E7534329

Time: 3 Hours   Maximum Marks: 60

Part A

*Answer any **five** questions. Each question carries **2** marks.*

1. Distinguish between risk and uncertainty in decision making.

2. What is equi-marginal principle?

3. What is demand forecasting?

4. Define indifference curves.

5. Define production function.

6. What do you mean by interdependence in a market?

7. Define cyclical pricing.

(5×2 = 10 Marks)

Part B

*Answer any **five** questions. Each question carries **6** marks.*

8. A reputed firm in the manufacturing of biscuits in one state has three options for expansion of its business; one is to enter other states with current product range, second to expand its product range, and third to diversify into more ready to eat food products. The Management has decided in favour of first option after deliberations with all stakeholders. Explain the concept of opportunity cost as applicable to this firm.

9. Demand for passenger cars decreased by thirty percent in the second quarter of the current financial year. Outline the factors which influence the demand for passenger cars. How will you explain the effect of a government subsidy for electric cars related to demand function?

10. What is cross elasticity? Explain the cross elasticities for substitutes, complements, and independent goods with the help of relevant examples.

11. Assume that the government decided to provide subsidies for producing electrical cars in India. Explain the external economies of scale for car manufacturers in this regard.

12. Take any brand of passenger car known to you and explain the factors infulencing its cost of production.

13. Assume that a firm is planning to enter the monopolistic market with its unique hair oil and shampoo - a combination pack - which stimulates hair growth. How the new firm can generate more business and survive in the highly competitive market?

14. Consider the product solar panels and explain the factors influencing pricing decisions.

(5×6 = 30 Marks)

Part C

*Answer any **two** questions. Each question carries **10** marks.*

Question number 17 is compulsory .

15. ABC Ltd., established in 2009, produces premium quality central water filters for home use with a manufacturing capacity of 500 units per month. The company established in the market through efficient and effective management practices and captured sizeable market share. In 2021, the company decided to expand its operations and increased its capacity to 1000 units.
    (i) Outline how the company can undertake its expansion plan with the help of incremental reasoning principle.
    (ii) What are the possible economies of scale available to the company through its large scale production?

16. Define market. Explain the classification of market on the basis of competition and differentiate with its features.

Compulsory Question

17. In the long run, firms have the ability to adjust the quantity of all inputs and produce the most profitable level of output as all the inputs are variable. Explain the long run equilibrium conditions of the firm by using the concepts of marginal cost and marginal revenue. Why marginal cost and revenue are used to explain the equilibrium of the firm?

(2×10 = 20 Marks)