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Total No. of Pages: 02
Total No. of Questions: 15

MBA/MBA(IB) (Sem.-1st)
MANAGERIAL ECONOMICS
Subject Code: MBA-105
Paper ID: [C0105]

Time: 3 Hrs.

Max. Marks: 60

INSTRUCTIONS TO CANDIDATE:

SECTION - A

Note: Attempt any four question each carry 5 marks.

- Q.1. What is Opportunity Cost Principle?
- Q.2. What is Demand Function?
- Q.3. What is Advertisement elasticity?
- Q.4. What is Prisoner's Dilemma?
- Q.5. What is Investment multiplier?
- Q.6. What is Phillips curve?

SECTION - B

Note: Attempt four questions choosing one from internal choice. Each carries 8 marks.

- Q.7. What are the properties of Indifference Curve?

OR

- Q.8. What is the law of diminishing marginal utility?

- Q.9. What are the different methods to measure price elasticity of demand?

OR

- Q.10. Explain the various stages of Law of variable proportion?

- Q.11. What do you mean by price leadership? Explain the different types of price leadership.

OR

- Q.12. What are the determinants of cost?

- Q.13. What is the relationship between multiplier and Investment?

OR

- Q.14. Distinguish between GNP and GDP. What are the components of GNP?

Section- C

Q.15. *Note: This case study carries 8 marks.*

Bob is really excited about next year at the University, which starts in two weeks! But his parents just dropped a bombshell: he is going to have to buy all of his own clothes for the fall semester. (And this is NOT a virtual university!) Oh no, he's never paid for his own clothes! And he really wants more of his favorite blue jeans. Well, at least he knows his own tastes! And Bob wants lots of pairs so he won't have to do laundry between visits home! Then Bob looks at his tattered and outdated sneakers and wonders how long they will last. What good are great blue jeans if the sneakers are too weird? Sigh. Time to do some research and figure out how to manage this. "OK," Bob thinks, "I can figure this out. I'll just get on the Internet and find what I need to know. I wonder what the prices of blue jeans are these days? Perhaps the web site of a certain company L will have some information about the jeans and the prices."

Hmmm, Company L has lots of great graphics and information, but it doesn't post prices. Wonder why? Bob finds another web page that explains a bit about L's policies on retail pricing of jeans. This is useful information which tells Bob that he needs to do some price comparing. A bit more searching and there they are--The Western Store, Denim Blue Jeans Discounters, and even Blue jeans Company in UK--prices of exactly what he wants in both new and used. Additional sites can be found by using search engines. What is the range of prices from these outlets? All right! Bob is ready to think about how many pairs he can buy.

Oops, he's not quite ready to plan how many pairs he can buy. "Let's see," thinks Bob. "Two more weeks of work before school starts and the part-time job has been paying an income of about \$200 per week. No way can I buy the 8 pair that would last from one home visit to another without hitting the Laundromat. And then there is the issue of new sneakers Time to be realistic! For sure my rich older sister Jackie won't help me! Maybe I could talk to my boss, Tina, and work a few more hours to increase my expected income. Hey, I'll bet they'll have a 'back to school sale' next week and expected prices will be lower. Maybe I should wait to buy some of the blue jeans." Bob works an extra five hours this week and the blue jeans prices do come down by several dollars. He manages to buy 4 new pairs of blue jeans, new sneakers, and the shoe store throws in a new t-shirt to promote their sale. Bob has a gloriously successful first semester in his blue jeans and his economics class at the University!

For Discussion

Bob considered every major element that determines how much of a product a buyer purchases.

1. Review Bob's decision process. What are these elements or determinants of amount purchased?

2. Consider each of these elements or determinants individually (one at a time): if that determinant increases, how does that affect the amount of the good that is purchased?

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