people of their own ethnic group, or (3) there is discrimination against them in other areas of the city. Rents paid are a very high percent of peoples' incomes. On the basis of above information answer the following :

Questions :

(a) Would the demand for apartments in this area be relatively inelastic or relatively elastic ? State why. Draw the demand curve as you have described it and label carefully.   5+5 (CO4)

(b) What will be the important factors to be considered in Demand Forecasting in the above scenario and suggest the appropriate method for the same.   10 (CO5)

950

H   **Roll No.** ....

MB–108

M. B. A. (FIRST SEMESTER)

MID SEMESTER

EXAMINATION, Nov., 2022

MANAGERIAL ECONOMICS

Time : 1½ Hours

Maximum Marks : 50

Note : (i) This question paper contains two Sections–Section A and Section B.

(ii) Both Sections are compulsory.

(iii) Answer any *two* sub-questions among (a), (b) and (c) in each main question of Section A.

(iv) Each question carries 10 marks.

(v) Section B consisting of case study is compulsory. Section B is of 20 marks.

P. T. O.

Section–A   2×5=10

1. (a) "Managerial Economics is Micro in nature but draws from Macro economics as well." Present your argument.   (CO1)

   (b) Elucidate upon the role of economics in Management.   (CO1)

   (c) "The central problem of the economy relates to production, consumption and distribution." Comment.   (CO1)

2. (a) Describe the Nature of Production Possibility Frontier and argue whether it is always concave to the origin.   (CO2)

   (b) Consider A as the production possibility of an economy that can produce 250 kg of butter (X) and 0 kg of sugar (Y) as against D as a possibility where the economy can produce 0 kg of butter (X) and 250 kg of sugar (Y). Assuming production possibilities like B and C draw a schedule and PPC.   (CO2)

   (c) 'There is an unending flow of production of goods and services, income, and expenditure in an economy.' Illustrate for a Four Sector Economy.   (CO2)

3. (a) As a Business Manager where and how can you utilize the marginal principle ?   (CO3)

   (b) Is the Incremental Principle of any use in decision making if only the cost information is provided ? Justify with example.   (CO3)

   (c) Opportunity cost is the cost of opportunity lost. Justify with example.   (CO3)

Section–B

4. **Case Study :**   (20 Marks) (CO2)

   Let us assume that "Pali" is a well-defined geographic area of a city. The area is composed exclusively of apartments and is populated by low-income residents. The people who live in the area tend to stay in that area because (1) they cannot afford to live in other areas of the city, (2) they prefer to live with