Enrollment No.....................................

Faculty of Management Studies
End Sem Examination Dec-2023
MS5CO27 Economics for Managers

Programme: MBA   Branch/Specialisation: Management /
Business Analytics

Duration: 3 Hrs.   **Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

Q.1   i.   What does GDP (Gross Domestic Product) measure?   **1**
                (a) Total value of goods and services produced in a country
                (b) Net income earned by citizens abroad
                (c) Private consumption only
                (d) Government spending on infrastructure

    ii.   In a four-sector economy, what does the external sector represent?   **1**
                (a) Government and public services
                (b) International trade and foreign transactions
                (c) Financial institutions
                (d) Non-profit organizations

   iii.   How is opportunity cost best defined?   **1**
                (a) Explicit expenses
                (b) Implicit benefits
                (c) The value of foregone alternatives
                (d) Marginal utility

    iv.   In economics, what does 'Ceteris Paribus' signify?   **1**
                (a) Change in supply
                (b) Holding other factors constant
                (c) Perfect competition
                (d) Variable costs

    v.   What does elasticity of demand measure?   **1**
                (a) Consumer preferences
                (b) Responsiveness of quantity demanded to price changes
                (c) Total market demand
                (d) Consumer surplus

vi. What does the Law of Diminishing Marginal Utility state? **1**
   (a) Utility decreases with the increase in quantity consumed
   (b) Total utility increases continuously
   (c) Marginal utility remains constant
   (d) Utility is subjective

vii. Find the stage of production from the following data. **1**

No. of Workers	Total Product
1	24
2	72
3	138
4	216

   (a) Negative returns   (b) Constant Returns
   (c) Increasing returns   (d) None of these

viii. Total Fixed Cost curve is parallel to _____. **1**
   (a) X-axis   (b) Y-axis
   (c) Both (a) and (b)   (d) None of these

ix. Which phase of the business cycle is characterized by falling GDP and rising unemployment? **1**
   (a) Expansion   (b) Peak
   (c) Recession   (d) Trough

x. Which pricing strategy aims to set a high initial price to maximize profits? **1**
   (a) Penetration pricing   (b) Price skimming
   (c) Psychological pricing   (d) Cost-plus pricing

Q.2 i. Define managerial economics and it's any two primary objectives within business decision-making. **2**

ii. Explain the difference between Gross Domestic Product (GDP) and Gross National Product (GNP). **3**

iii. Explain any five scope of managerial economics. **5**

OR iv. Define and illustrate, with a labelled diagram, the structure and interrelation of a four-sector economy. **5**

Q.3 i. If a consumer is willing to pay $50 for a good and actually pays $30 in the market, what is the consumer surplus? **2**

ii. Analyse the Marris growth maximization model of the firm. **8**

OR iii. Discuss Baumol's sales revenue maximisation concept. **8**

Q.4 i. Write difference between cardinal and ordinal approach. **3**

ii. Explain an indifference curve with its characteristics. **7**

OR iii. Differentiate between price elasticity of demand and income elasticity of demand. Explain their roles in pricing and marketing strategies. **7**

Q.5 i. Explain the Law of Supply in economics and discuss its key determinants. **4**

ii. Explain the concept of iso-quants and their role in production optimization. **6**

OR iii. Define the Law of Variable Proportions and discuss its significance in production management. **6**

Q.6 Attempt any two:

i. Explain price and output determination of the firm and industry under perfect competition in Short run. **5**

ii. Explain different type of markets in view with market player density. Give suitable examples in each case. **5**

iii. Define break-even analysis and discuss its relevance in business decision-making. **5**

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Marking Scheme
Economics for Managers (T) - MS5CO27 (T)

Q.1   i)   a) Total value of goods and services produced in a country   **1**

ii)   b) International trade and foreign transactions   **1**

iii)   c) The value of foregone alternatives   **1**

iv)   b) Holding other factors constant   **1**

v)   b) Responsiveness of quantity demanded to price changes   **1**

vi)   a) Utility decreases with the increase in quantity consumed   **1**

vii)   c) Increasing returns   **1**

viii)   a) X-axis   **1**

ix)   c) Recession   **1**

x)   b) Price skimming   **1**

Q.2   i.   Defination   1 mark   **2**
     Objective.   (0.5 Mark*2)

ii.   Gross Domestic Product (GDP) and Gross National Product   **3**
(GNP).   (1 Mark*3)

iii.   5 scope of Managerial Economics   (1 Mark*5)   **5**

OR   iv.   Diagram   2 Mark   **5**
     Explaination   3 Mark

Q.3   i.   If a consumer is willing to pay $50 for a good and actually pays   **2**
$30 in the market, what is the consumer surplus?

ii.   Analyse the Marris growth maximization model of the firm.   **8**
Explanation 3 mark
Graph 2 mark

Assumption 3 mark. 1 mark each

OR   iii.   Discuss Baumol's sales revenue maximisation concept.   **8**
Explanation 3 mark
Graph 2 mark
Assumption 3 mark

Q.4   i.   Write difference between Cardinal and ordinal approach.   **3**
Any 3 1 mark each

ii.   Explain an indifference curve with its characteristics.   **7**
Explanation 2 mark
Properties. Any 5.   1 mark each

OR   iii.   Differentiate between price elasticity of demand and income   **7**
elasticity of demand. Explain their roles in pricing and marketing
strategies.
Difference   3.5 mark
Role-   3.5 mark

Q.5   i.   Explain the Law of Supply in economics and discuss its key   **4**
determinants.
Law -2 mark
Determinats 2 mark

ii.   Explain the concept of iso-quants and their role in production   **6**
optimization.
Concept 2 mark

OR   iii.   Define the Law of Variable Proportions and discuss its   **6**
significance in production management.
Law-2mark
Graph-1
Significance-2
Assumption-1 mark

Q.6   Attempt any two:

i.   Explain price and output determination of the firm and industry   **5**
under perfect competition in Short run.
Explain-2

Graph(3 graph) each 1 mark

ii. Explain Role of govt. in the economy with example. **5**

Explanation with example 5 mark

iii. Define break-even analysis and discuss its relevance in business **5**
decision-making.
Definition-1 mark
Decision – 4 mark each 1 mark

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