PG– 698

I Semester M.B.A. (Day) Examination, May/June 2025
(CBCS) (2021 – 22 and Onwards)
MANAGEMENT
Paper – 1.1 : Economics for Managers
Equivalent to Paper – 1.1 : Economics for Managers (CBCS)
(2014 – 15 and Below)

Time : 3 Hours　　　　　　　　　　　　　　　　　　　Max. Marks : 70

SECTION – A

Answer **any five** of the following. **Each** question carries **five** marks.　　(5×5=25)

1. What is meant by production possibility frontier ? How does it illustrate opportunity cost ? Explain with example.

2. Suppose annual sales data of a book publishing company produces a demand function as $Q = 5000 – 50P$. From this demand function, find out :
   a) Demand schedule and demand curve.
   b) Number of books sold at price Rs. 25.
   c) Price for selling 2500 copies.
   d) Price for zero sales.
   e) Sell at zero price.

3. Illustrate the price leadership of a low-cost firm. Why do high-cost firms accept a price lower than their profit maximizing price ?

4. Describe the relationship between production function and cost function in the short run.

5. Describe the role of aggregate demand and supply in income determination.

6. How does Break Even Analysis (BEA) help in pricing decisions ? Illustrate with examples.

7. Differentiate between peak load pricing and loss leader pricing.

SECTION – B

Answer **any three** questions. **Each** question carries **10** marks.　　(3×10=30)

8. What is meant by price discrimination ? Explain why do monopoly firms adopt discriminatory pricing policy.

9. Explain the concept of Consumer's Equilibrium using Indifference Curve Analysis. Illustrate with a diagram and explain the conditions required for equilibrium.

P.T.O.

10. Explain the key components and objectives of India's Fiscal Policy. How does it influence economic growth and stability ?

11. With the help of following data project, the trend of sales for the next 5 years.

Years	2019	2020	2021	2022	2023	2024
Sales	20	40	50	70	90	100

SECTION – C

12. **Compulsory** question : (1×15=15)

Life at the Mandi - The Tale of Lakshmi, a Vegetable Farmer.

Lakshmi is a small-scale vegetable farmer in the outskirts of Hosur, Tamil Nadu. Every morning, she loads her truck with crates of fresh tomatoes, okra and green chilies and travels to the local wholesale vegetable market, known as the mandi, in Bengaluru. This bustling marketplace is filled with dozens of other farmers from surrounding villages, all selling nearly identical vegetables to a host of middlemen, retailers and buyers from restaurants and hotels.

The price Lakshmi receives for her produce is not set by her. It is determined entirely by the market forces of demand and supply. On days when too many farmers arrive with tomatoes, prices fall. On days when weather conditions elsewhere have reduced supply, prices spike. Regardless of how much effort or money Lakshmi has invested in her farming, she has little control over the final price.

a) Explain why Lakshmi is considered a "price taker" in the mandi.

b) How do the characteristics of perfect competition such as product homogeneity and free entry impact long-run profitability for farmers like Lakshmi ?

c) What steps did Lakshmi take to overcome the limitations of perfect competition ?