

R.N.G.PATEL INSTITUTE OF TECHNOLOGY-RNGPIT
(An Autonomous College U/s UGC Act 1956)

MBA SEMESTER-I, SEMESTER END EXAMINATION - WINTER 2024

Subject Code: 1MB1102

Date: 18-01-2025

Subject Name: ECONOMICS FOR MANAGER

Time: 09:00 AM to 12:00 PM

Total Marks: 70

Instructions

1. It is **compulsory** for students to write **Enrolment No. /Seat No.** on the question paper.
2. Write answers of **Section A** and **Section B** in **separate answer books**.
3. Attempt all questions from both **Section A** and **Section B**.
4. Each section carries **35 marks**, with a total of **70 marks** for the examination.
5. The figures to the right of each question indicate full marks, make suitable assumptions with justification.
6. BL - Bloom's Taxonomy Levels (R-Remember, U-Understanding, A –Application, N –Analyze, E – Evaluate, C -Create), CO - Course Outcomes.

SECTION A

	Marks	BL	CO
Q.1 Multiple-Choice Questions	[05]		
(a) What does the law of demand state?	1	U	1
(i) As price increases, demand increases.			
(ii) As price increases, demand decreases.			
(iii) Demand remains constant irrespective of price changes.			
(iv) None of the above.			
(b) Elasticity of demand measures:	1	A	2
(i) Change in price due to change in demand.			
(ii) Change in demand due to change in price.			
(iii) Consumer behavior in a competitive market.			
(iv) None of the above.			
(c) A tax imposed on sellers in the demand-supply framework leads to:	1	A	2
(i) Higher equilibrium price			
(ii) Lower equilibrium price			
(iii) No change in equilibrium price			
(iv) None of the above			
(d) Monopoly power arises from	1	N	3
(i) Government regulation			
(ii) Economies of scale			
(iii) Control over a key resource			
(iv) All of the above			

(e) The welfare loss due to taxes is called	1	A	3
(i) Deadweight loss	(ii) Economic profit		
(iii) Consumer surplus	(iv) Producer surplus		

Q.2 Attempt Any Two	[10]		
(a) Explain the law of demand with an example.	5	U	1
(b) Discuss the factors affecting elasticity of demand.	5	N	2
(c) What are the characteristics of a perfectly competitive market?	5	U	3
Q.3 Attempt Any Two	[10]		
(a) Define oligopoly and explain the different models.	5	A	3
(b) What are the long-run implications of perfect competition?	5	U	3
(c) Explain the difference between monopolistic competition and monopoly.	5	U	3
Q.4 Attempt Any Two	[10]		
(a) How does elasticity help in managerial decision-making?	5	A	5
(b) Discuss the importance of understanding national income for business decisions.	5	A	5
(c) Define and explain price elasticity of demand.	5	U	2

SECTION B

Marks BL CO

Q.5 Multiple-Choice Questions

[05]

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|--|----------|----------|----------|
| <p>(a) What is the primary focus of managerial economics?</p> <p style="margin-left: 40px;"> (i) Policy formulation for governments (ii) Understanding consumer behavior only
 (iii) Application of economic principles for decision-making (iv) Studying national income levels </p> | 1 | U | 5 |
| <p>(b) Which of the following best describes the scope of managerial economics?</p> <p style="margin-left: 40px;"> (i) It focuses solely on microeconomic analysis. (ii) It integrates economic theory with business practices.
 (iii) It deals only with the pricing strategies of firms. (iv) It studies the economy of a country as a whole. </p> | 1 | U | 4 |
| <p>(c) What is one of the main responsibilities of a managerial economist?</p> <p style="margin-left: 40px;"> (i) Preparing national budgets (ii) Developing strategies to optimize resource allocation
 (iii) Conducting political surveys (iv) Establishing monetary policies for central banks </p> | 1 | A | 5 |
| <p>(d) How does managerial economics differ from economic theory?</p> <p style="margin-left: 40px;"> (i) Economic theory is broader, while managerial economics is focused on practical applications. (ii) Managerial economics studies national economies, unlike economic theory
 (iii) Managerial economics is limited to macroeconomic concepts. (iv) Economic theory and managerial economics are the same. </p> | 1 | N | 4 |
| <p>(e) Which of the following is NOT a use of managerial economics?</p> <p style="margin-left: 40px;"> (i) Analyzing demand and supply for better production planning (ii) Forecasting economic trends for organizational growth
 (iii) Studying consumer preferences at the national level (iv) Assessing risks and uncertainties in business decisions </p> | 1 | U | 1 |

Q.6 Attempt Any Two

[10]

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|--|----------|----------|----------|
| <p>(a) Evaluate the significance of managerial economics in solving complex business problems. Provide an example to support your evaluation.</p> | 5 | E | 5 |
|--|----------|----------|----------|

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|--|---|---|---|
| (b) Assess the differences between economic theory and managerial economics and justify which one has more practical relevance for managerial decision-making. | 5 | E | 4 |
| (c) Propose a framework for the role and responsibilities of a managerial economist in a multinational corporation. | 5 | C | 5 |

Q.7 Attempt Any Two **[10]**

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|---|---|---|---|
| (a) Critically analyze the relationship between total, average, and marginal products in a production function. How do these concepts influence managerial decisions? | 5 | E | 4 |
| (b) Evaluate the impact of increasing and decreasing returns to scale on business strategy, providing an industry-specific example. | 5 | E | 5 |
| (c) Design a productivity improvement strategy using the aggregate production function for a manufacturing organization. | 5 | C | 5 |

Q.8 Attempt Any Two **[10]**

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|---|---|---|---|
| (a) Assess how understanding short-run and long-run costs can improve cost management decisions. Justify with an example. | 5 | E | 4 |
| (b) Critically evaluate the relationship between fixed, variable, and total costs, and discuss their implications for pricing decisions in competitive markets. | 5 | E | 3 |
| (c) Create a cost-reduction plan for a service-based organization based on economic analysis of costs. | 5 | C | 5 |
