

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

MBA SEMESTER-I, SEMESTER END EXAMINATION – WINTER 2025

SUBJECT CODE: 2MB1102

DATE: 06-01-2026

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 is the main focus of Managerial Economics?	1	R	1
(i) Profit maximization (ii) Business decision-making using economic theory			
(iii) Market share growth (iv) Pricing strategies			
(b) Who defines economics as "the study of how society manages its scarce resources"?	1	R	1
(i) Adam Smith (ii) Mankiw			
(iii) Keynes (iv) Ricardo			
(c) Which economic theory is considered "what ought to be"?	1	U	1
(i) Positive Economics (ii) Normative Economics			
(iii) Descriptive Economics (iv) Applied Economics			
(d) What shape does the demand curve typically take?	1	U	2
(i) Upward sloping (ii) Vertical line			
(iii) Downward sloping from left to right (iv) Horizontal line			

- (e) When the price elasticity of demand (PED) is greater than 1, demand is: **1** **R** **2**
- (i) Elastic (ii) Inelastic
- (iii) Unitary elastic (iv) Perfectly inelastic

Q.2 Attempt Any Two **[10]**

- (a) What is meant by the term “Applied Economics”? Give two business examples. **5** **R** **1**
- (b) Differentiate between positive and normative economics with examples. **5** **R** **1**
- (c) Explain the importance of risk and uncertainty analysis in Managerial Economics. **5** **U** **1**

Q.3 Attempt Any Two **[10]**

- (a) Explain any two types of price elasticity of demand with relevant examples from the business world. **5** **U** **2**
- (b) Discuss the Law of Demand with appropriate diagram. **5** **R** **2**
- (c) Discuss the role of advertising and branding in influencing demand elasticity. **5** **R** **2**

Q.4 Attempt Any Two **[10]**

- (a) Describe any three scope of Managerial Economics with example. **5** **R** **1**
- (b) Risk Management in Airlines: -Airlines use hedging to protect against fluctuations in fuel prices. How does Managerial Economics assist in managing such business risks and uncertainties? **5** **A** **1**
- (c) Explain the concept of consumer surplus and producer surplus? **5** **U** **2**

SECTION B

	Marks	BL	CO
Q.5 Multiple-Choice Questions	[05]		
<p>(a) A firm observes that when it increases all inputs by 20%, output increases by 40%. This situation represents,</p> <p>(i) Decreasing returns to scale (ii) Increasing returns to scale</p> <p>(iii) Constant returns to scale (iv) Law of diminishing returns</p>	1	N	3
<p>(b) A firm finds that its average cost is falling as output increases. This indicates that,</p> <p>(i) Marginal cost is above average cost (ii) Marginal cost is below average cost</p> <p>(iii) Marginal cost is equal to average cost (iv) Fixed cost is increasing</p>	1	N	3
<p>(c) Which of the following is a key feature of a perfectly competitive market?</p> <p>(i) Price maker firms (ii) Large number of buyers and sellers</p> <p>(iii) Product differentiation (iv) Entry barriers</p>	1	U	4
<p>(d) Which market structure is characterized by few firms and interdependent decision-making?</p> <p>(i) Perfect competition (ii) Monopolistic competition</p> <p>(iii) Monopoly (iv) Oligopoly</p>	1	U	4
<p>(e) In the long run, firms in a perfectly competitive market earn:</p> <p>(i) Supernormal profits (ii) Losses</p> <p>(iii) Normal profits (iv) Monopoly profits</p>	1	U	4
Q.6 Attempt Any Two	[10]		
<p>(a) Analyze the relationship between Total Product (TP), Average Product (AP), and Marginal Product (MP) with the help of a suitable example.</p>	5	N	3
<p>(b) Analyze why the law of diminishing returns operates in the short run. Explain its impact on marginal product.</p>	5	N	3

(c) A firm experiences increasing returns to scale in the long run. Analyze how a proportional increase in all inputs affects output and explain the reasons for this situation. 5 N 3

Q.7 Attempt Any Two [10]

(a) Explain how price is determined under perfect competition in the short run. 5 U 4

(b) Explain the meaning of monopoly and state its main characteristics. 5 U 4

(c) Explain the sources of monopoly power. 5 U 4

Q.8 Attempt Any Two [10]

(a) Explain the concept of monopolistic competition and mention its key features. 5 U 4

(b) Explain the meaning of oligopoly and state its main characteristics. 5 U 4

(c) Write a short note on game theory. 5 U 4
