



10901

I Semester M.B.A. Examination, May/June 2023
(CBCS)
MANAGEMENT

1.1 : Economics for Managers



Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any five** of the following questions.

(5×5=25)

1. How the measurement of national income is done in India ?
2. Explain the model developed by Cyret and March. Explain the model on “objectives of firms” developed by Cyret and March.
3. What are the exceptions to the Law of Demand ? Give suitable examples.
4. Explain the difference between total utility and marginal utility.
5. Assume that there is a fruit seller who has 20 kilograms of apples to be sold and he wants to fix a price so that all the apples are sold. There are three customers in the market and their individual demand function are given as below :
 $D1 = 25 - 1.0P$
 $D2 = 20 - 0.5P$
 $D3 = 15 - 0.5P$
Determine the market demand equation for the fruit seller. And find out the price at which he can sell all the apples.
6. What are ridge lines ? Explain its importance in production.
7. Discuss the factors which accounts for increasing returns to scale and decreasing returns to scale.

P.T.O.



SECTION – B

Answer **any three** questions, **each** carries **10** marks. **(10×3=30)**

8. Prepare sales forecast for 2003 with the help of the following data :

Years	1994	1996	1999	2000	2001
Sales (in thousands units)	20	25	28	27	30

9. Price rigidity is an essential aspect of normal oligopolistic price strategy explain.
10. Write short notes on
- Business Cycles
 - Skimming and Penetration pricing.
11. Explain the Producers equilibrium position with the help of IsoQuants.

SECTION – C

Compulsory question : **(15×1=15)**

12. Case study.

The changing lifestyles of Indian consumers, alongside an increase in nuclear families, have been fuelling the trend of out-of-home consumption of food. This market's growth is further sustained by the rise in working population and the spurt in disposable incomes which have resulted in higher expenditure on eating out/ordering-in. It is envisioned that these factors, along with other growth drivers, will continue to propel the market's growth over the short to long term. The spurt in the number of double-income households, is also instrumental to the restaurant market's growth. In essence, it is the convenience offered that builds the image and business of Restaurant.

The demand of a restaurant is likely to be very elastic and downward sloping because there are many other food outlets available to customers with differentiated product, But the demand is not perfectly elastic (i.e. horizontal) because, each restaurant has something to offer other restaurants do not: for instance, convenience, location, elaborate menu, or just atmosphere. There is no barrier of entry or exit. A restaurant should accept customers as long as the



additional or marginal revenue exceeds the additional or marginal cost of the last meal served. This seems to be apparent in the reservation process which limits the number of patrons. Without reservations, the restaurant would either have to serve customers in overcrowded conditions or make them wait on line. All successful restaurants have scores of imitators. Non price competition is very evident in restaurant industry. For instance Several chains have attempted to duplicate McDonald, and siphoned some of its customers and profits. But, McDonald has fought back with extensive advertising. Brand name producers have a variety of means to make their products special to customers. Most important is advertisement which generic item producers would obviously not use.

Questions :

- 1) Which type of market competition this case belongs ? Give justification of your answer with suitable examples.
 - 2) What are the various ways of non price competition prevailing in restaurant industry ?
 - 3) Do you think that the economic effect of non price competition is an overall undesirable loss of allocative and productive efficiency: the customer pays more and is able to buy less ? Give your arguments for or against non price competition.
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contribution

... the law is to be applied to the facts of the case as they are, and not as they might be supposed to be. The law is to be applied to the facts as they are, and not as they might be supposed to be.

(b) Do you think that the effect of non-fulfilment of the obligation is to be determined by the law of the place where the obligation was incurred?

(c) What is the effect of non-fulfilment of the obligation in the case of a contract which is governed by the law of a country which is not a party to the Convention?

(d) What is the effect of non-fulfilment of the obligation in the case of a contract which is governed by the law of a country which is not a party to the Convention?

(e) What is the effect of non-fulfilment of the obligation in the case of a contract which is governed by the law of a country which is not a party to the Convention?