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First Semester MBA Degree Examination, Dec.2014/Jan.2015
Economics For Managers

Time: 3 hrs.

Max. Marks:100

SECTION - A*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Define Managerial Economics. (03 Marks)
- 2 Define Total, Average and Marginal cost. (03 Marks)
- 3 What is Opportunity cost? Explain with one example. (03 Marks)
- 4 What is 'Price Skimming' and 'Price Penetration'? (03 Marks)
- 5 What do you understand by the term 'GDP'? (03 Marks)
- 6 What is meant by 'Globalization'? (03 Marks)
- 7 What is meant by 'Fiscal Policy'? (03 Marks)

SECTION - B*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Explain the Bamol's sales revenue maximization. (07 Marks)
- 2 What are 'Isoquants'? Explain their characteristics. (07 Marks)
- 3 Explain Total cost, Average cost and Marginal cost in short run with an example. (07 Marks)
- 4 What is 'Oligopoly'? Explain its features. (07 Marks)
- 5 What is meant by disinvestment? Explain its merits and demerits. (07 Marks)
- 6 What is Business cycle? Explain different phases of business cycle. (07 Marks)
- 7 Explain the salient features of Union Budget 2014-15 which affects ordinary citizens. (07 Marks)

SECTION - C*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Explain the law of variable proportions. (10 Marks)
- 2 a. Define Price and Income Elasticities of demand. (05 Marks)
b. A number of empirical studies of automobile demand in a country have observed that the price elasticity is approximately -1.2 and the income elasticity is +2.8. The current sales amount is 8 lakhs units. If the price rises by +10% and income rises by 5% in the next year, how many cars can be expected to be sold? (05 Marks)

- 3 What are features of perfect competition? Explain how price is determined under perfect competition in the short run? (10 Marks)
- 4 a. What is meant by Break Even Analysis? What are its limitations? (05 Marks)
 b. A small firm incurs fixed expenses amounting to Rs 1.2 lakhs. Its variable cost of production is Rs 5 per unit and selling price is Rs 8. Determine its break even quantity and safety margin for the sales of 50,000 units. (05 Marks)
- 5 Explain the various tools of credit used by Reserve Bank of India. (10 Marks)
- 6 What is meant by privatization? What are the rationale of privatization and disinvestment? What are the criticisms for disinvestment? (10 Marks)
- 7 What are the different methods of measuring National Income? What are the difficulties in measuring GDP? (10 Marks)

SECTION - D

CASE STUDY - [Compulsory]

Walmart was founded by Sam Walton in 1962. Today it is the largest retailer in the world. Walmart has differentiated itself from competitors in the business by lowest prices, everything under one roof, best HR practices, effective distribution system and innovative system practices. In 1990, Walmart realized that America would be saturated and opportunities for growth are very limited. They decided to expand their operations to the global market.

When they tried to expand in Mexico, Walmart ran into problem due to wrong anticipation of road, infrastructure, inferior service standards of supplier, different tastes and preferences of customers. It took a long time for them to establish stores there.

Having learned from their Mexican experience, Wal-Mart has been able to expand to countries like Japan, Germany, Canada, Britain and South Korea. The reasons for their success include liberalization of Foreign economies, removal of barriers to international trade etc.

Questions :

- a. What are the reasons for Wal-Mart to expand globally instead of focusing on USA? (05 Marks)
- b. What are the factors which could come in the way of companies trying to globalize their operations? (10 Marks)
- c. What were the reasons for Wal-Mart to be successful in their US operations? (05 Marks)
