USN | | | | | | | | | | **14MBA12**

First Semester MBA Degree Examination, June/July 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 What is cross elasticity of demand? **(03 Marks)**

2 What is production function? **(03 Marks)**

3 List out the three uses of Break-even analysis. **(03 Marks)**

4 What is price discrimination? **(03 Marks)**

5 Mention the three methods of measuring national income. **(03 Marks)**

6 What is globalization? **(03 Marks)**

7 Mention the main instruments of fiscal policy. **(03 Marks)**

SECTION – B

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

1 What is advertising and promotional elasticity of demand? Explain its determinants. **(07 Marks)**

2 Briefly explain the properties of Iso-quant curves? **(07 Marks)**

3 Explain economics and diseconomies of scale. **(07 Marks)**

4 Explain with the help of a diagram 'Kinked Demand Curve'. **(07 Marks)**

5 Discuss the various phases of business cycle. **(07 Marks)**

6 Write a note on 'New Industrial Policy of 1991. **(07 Marks)**

7 Explain the role and functions of RBI. **(07 Marks)**

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

SECTION – C

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

1 Briefly explain the scope of managerial economics. **(10 Marks)**

2 Explain the law of variable proportions with the help of a diagram indicating the increasing, diminishing and negative returns. **(10 Marks)**

3 Explain price and output determination under monopolistic competition. **(10 Marks)**

4 Discuss in detail the impact of economic environment on the business. **(10 Marks)**

5 From the following particulars, calculate:
   i) Break-even point in terms of sales value and in units.
   ii) Number of units that must be sold to earn a profit of Rs.90,000, fixed cost Rs.72,000, variable cost per unit Rs.15, selling price per unit Rs.24. **(10 Marks)**

6 Briefly explain the advantages and disadvantages from WTO to India. **(10 Marks)**

7 Discuss the various credit control tools used by central bank of our country in order to regulate credit in the economy. **(10 Marks)**

SECTION – D
CASE STUDY - (Compulsory)

1 India's problem is not lack to resources, it is inability or unwillingness to mobilize resources into the public sector. The Indian economy is confronting a fiscal crisis. The reasons for this arc the steady decline over the years in the share of direct taxes in spite of the fact that both incomes and savings of the top 10 percent of the households in the country have been steadily increasing. The government does not appear committed to placing greater reliance on direct taxes to mobilize resources. It is unwilling to tax the rich and therefore has no option except to fall back on indirect taxes and rely more than ever on borrowing from those who expect interest and tax conversions from temporarily parting with their resources to enable the government to continue its development programmes. Inter-sectoral imbalances also exist in India's tax structure because agricultural incomes are tax free. The Raj committee had recommended the introduction of agricultural tax to remove this inequality, bit the state governments did nothing to implement the recommendation. The long term fiscal policy also did nothing to eliminate this intersectoral imbalances.

Public sector enterprises failed to generate the untemplated reinvertible surplus and the small surplus that became available from these enterprises was not attributable to improved efficiency. The fiscal deficit thus reflects the total resource gap, which equals the excess of total government expenditure over the government revenue and grants. The fiscal deficit thus, fully indicates the indebtedness of the government.

a. What is fiscal policy? What are its components?
b. Distinguish between direct and indirect taxes.
c. Explain briefly the reasons for fiscal deficit.
d. Suggest remedies for the new fiscal policy to combat fiscal crisis. **(20 Marks)**

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