Course Name:	Managerial Economics	Course Code		C105
Roll No.		Marks		60
Total No. of Questions	6	Duration		3 Hours
Total No. of printed pages	4	Date		27.12.2023

Course Outcome Statements:

CO1: RECALL basic terminologies related to Managerial Economics

CO2: DISCUSS the concepts used in Managerial Economics

CO3: MAKE USE OF various formulas and models pertaining to Consumer Behaviour PPC, Supply Functions, Market Equilibrium, Economic Surplus, Production functions, Revenue, Cost & breakeven analysis, Types of Markets, Pricing Practices & Profitability

CO4: EXAMINE the results of managerial economics related frameworks for making industry-relevant inferences

CO5: ASSESS information related to PPC, Consumer behaviour, Economic Surplus, Production Functions, Markets, Revenue Cost Breakeven Analysis for taking effective business decisions

Instructions: -	Marks	BL	CO
Q. No 1 (All Questions are Compulsory)			

Q. No.		Questions			
Q. 1		Case/Case-let Study (500-800 words)			

Situated in Eastern Central Africa, South Sudan got independence as a country towards the end of 2013 and was rising to become a strong democracy. The country's currency was South Sudanese pound (SSP). The newly formed government was quite active and wanted to make a difference when it comes to the economic growth and wealth creation. Hence, the government had formed an 'Economic Advisory Council (EAC)' which would advise the government from time to time on various economic issues across the country. Dr. Bak, PhD in Economics, headed the EAC and was a strong advocate of free markets without much government interventions in the markets.

South Sudan had rich sources of natural minerals and the market for copper was one of the biggest markets in the country. Recently, there had been a few issues from some of the miners of copper that they had not been getting the right price for their products. The cost of mining had gone up and some of the miners from the northwest region wrote a letter to the head of mining ministry and the ministry immediately decided to issue a mandate imposing a 'Floor Price' of SSP15 in the entire country-wide copper market. The details about country-wide copper market were as follows:

Price (in SSP)	QD	QS
20	0	400
15	100	300
10	200	200
5	300	100
0	400	0

	a.	**Examine** the impact of the action taken by the Ministry of Mining with the help of Consumer Surplus, Producer Surplus, Total Surplus and Deadweight Loss if any.	**6**	Level 4	CO4
	b.	'Dr. Bak' heard about the 'Floor Price' policy from the Ministry of Mining from his assistant, Mr. Kibe. He ordered Kibe to write a letter to the ministry of mining and advise them to remove the floor price with immediate effect and let the market flow freely. Regarding the complaining miners, they should be helped in some other ways. **Determine** whether the Total Surplus would improve by Dr. Bak's advice or not and also **Assess** the effect on Consumer Surplus, Producer Surplus and Deadweight Loss if any.	**6**	Level 5	CO5
Q. 2		Answer **Any one** from the following.			
	a.	Based on the following indifference curve data: 	Units of Mobile	Units of Laptop
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10	0
6	1
3	2
1	3
0	4	 Additional Details: Cost of 1 mobile is Rs.40,000 and that of 1 laptop is Rs.80,000 **Decide** whether the consumer budgets i.e. Budget 1- Rs. 2,40,000 and Budget 2- Rs.4,80,000 are sufficient for the consumer to achieve required utility or not. Also **Determine** whether any of the budget is optimum or not (make use of one common graph)	**6**	Level 5	CO5
	b.		Qty of Pizza	Marginal Utility (Pizza)	Qty of Burger	Marginal Utility (Burger)
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1	800	1	600
2	700	2	500
3	500	3	400
4	400	4	300
5	300	5	200
6	200	6	100 | Price of Pizza per unit: Rs.200 and Price of Burger per unit: Rs.100 **Determine** the sequence of purchases which consumer will follow, based on the law of Equi-marginal utility assuming consumer's total income is Rs.800? Also determine the quantity purchased by consumer of both the items and the Total Utility that would be achieved in that case?	**6**	Level 5	CO5
Q. 3		Answer **Any one** from the following.			
	a.	**Examine** the impact of following 2 scenarios separately on the 'Equilibrium Price' with the help of combining Demand Curve and Supply Curve graphs (no need for values on axis of graphs): i) Fitness Watches have suddenly come in high demand due to rise in awareness about fitness and health. However, a key raw material required for fitness watches is stuck in transit due to rising covid cases in Singapore, this had an adverse impact on the supply.	**6**	Level 4	CO4

		ii) Due to floods in major regions of Tamil Nadu, the income of the population has gone down. Effectively, the demand for FMCG products is expected to fall. The flood conditions have also affected workers attendance in the factories of FMCG companies which has also reduced the production and supply of these products.			
	b.	**Analyse** the results from 2 PPC of different countries given below and draw **inferences** on the exchange of goods that can be undertaken within the 2 countries (Draw both PPCs on 1 graph itself): **Netherlands** 	Orange	Cheese	 	500	0	 	450	2	 	380	4	 	250	6	 	0	8	 **Switzerland** 	Orange	Cheese	 	250	0	 	225	4	 	190	8	 	125	12	 	0	16		**6**	**Level 4**	**CO4**

Netherlands

Orange	Cheese
500	0
450	2
380	4
250	6
0	8

Switzerland

Orange	Cheese
250	0
225	4
190	8
125	12
0	16

Q. 4		Answer **Any two** from the following.			
	a.	**Solve** for AVC, AFC, ATC and MC using the following information:	**6**	**Level 3**	**CO3**

Unites	VC	FC
0	0	60
1	40	60
2	60	60
3	68	60
4	72	60
5	104	60
6	176	60

	b.	**Apply** the following data to develop Total Product, Average Product and Marginal Product Curves using the following data:	**6**	**Level 3**	**CO3**

Input	Total Product
0	0
1	5
2	15
3	35
4	40
5	40
6	35

	c.	**Solve and Identify** the types of price elasticity of demand based on the following 2 scenarios separately: i) You manage a bakery, and you've observed that when you increased the price of your specialty cupcakes from Rs.50 to Rs.70, the quantity demanded decreased from 500 to 450 cupcakes. ii) In an attempt to attract more customers, you decide to lower the price of your signature coffee blend from Rs.200 to Rs.150 per cup. After implementing the price reduction, you observe that the quantity demanded increases from 30 cups to 60 cups.	**6**	**Level 3**	**CO3**
Q. 5		Answer **Any two** from the following.			
	a.	**Summarize** the five Capital Budgeting methods with their respective selection criteria	**6**	**Level 2**	**CO2**
	b.	**Explain** the concept of Economies and Diseconomies of scale with the help of Long Run Average Cost graph	**6**	**Level 2**	**CO2**
	c.	**Explain** the concept of Short-run and long-run along with the profitability under various types of markets in the short-run and long run with appropriate reason for the same (no graphs necessary)	**6**	**Level 2**	**CO2**
Q. 6		Answer **Any two** from the following.			
	a.	**What** are the features of a Monopoly Market? **What** are the reasons due to which Monopolies can Exist?	**6**	**Level 1**	**CO1**
	b	**List** any 6 Pricing Practices with brief meaning	**6**	**Level 1**	**CO1**
	c.	**What** do you mean by - i) Iso-quant ii) Economic Profit iii) Factors of Production	**6**	**Level 1**	**CO1**