

**VPM's**  
**DR VN BRIMS, Thane**  
**Programme: MMS (2022-24)**  
**First Semester Regular Examination March 2023**

<b>Course Name:</b>	<b>Managerial Economics</b>	<b>Course Code</b>	C 105
<b>Roll No.</b>		<b>Marks</b>	<b>60</b>
<b>Total No. of Questions</b>	6	<b>Duration</b>	<b>3 Hours</b>
<b>Total No. of printed pages</b>		<b>Date</b>	06-03-2023

**Course Outcome Statements:**

**CO1:** The students are able to recall meaning, Scope of managerial economics, process of decision making and theory of the firm

**CO2:** Students are able to discuss theory of consumer behavior, theory of demand, supply and elasticity in the decision making process of the Business

**CO3:** Students are able to make use of production concepts, law of variable proportion and laws of returns scale

**CO4:** Students are able to assess cost, revenue, profit and loss concepts, BEA in the process of decision making

**CO5:** Students are able to examine different types of markets, pricing practices and capital budgeting.

<b>Instructions: -</b>			<b>Marks</b>	<b>BL</b>	<b>CO</b>
<b>Q. No 1 (All Questions are Compulsory)</b>					
<b>Q. No.</b>		<b>Questions</b>			
<b>Q. 1</b>		Case/Case-let Study (500-800 words)			
	<b>a.</b>	Assume that a manufacturing company producing steel have purchased machinery of Rs. 10,000. Rs. 5000 are spent on purchasing equipment. Rs. 10,000 are invested in Technology. Company is selling steel at a price of Rs. 100 per kilogram. Per kilogram cost of labour, electricity, raw material is Rs.90.  A) Classify different expenses of the company into fixed cost and variable cost. B) Discover/calculate the break-even quantity company should produce C) If company is required to make target profit of Rs 10,000 discover/calculate output to be produced by the company.	<b>6</b>	<b>Level 4</b>	<b>CO4</b>
	<b>b.</b>	Indian Railways is Government/Public monopoly. Justify why it is considered to be monopoly. Explain the advantages and disadvantages of Indian Railways being monopoly.	<b>6</b>	<b>Level 5</b>	<b>CO5</b>
<b>Q. 2</b>		Answer <b>Any one</b> from the following.			
	<b>a.</b>	Do you agree that stock market is a good example of perfect competition market. Explain the reasons.	<b>6</b>	<b>Level 5</b>	<b>CO5</b>
	<b>b.</b>	Appraise any two-pricing strategy that a manufacturing company can adopt. Recommend the pricing strategy for i- phone manufacturing Apple company.	<b>6</b>	<b>Level 5</b>	<b>CO5</b>
<b>Q. 3</b>		Answer <b>Any one</b> from the following.			
	<b>a.</b>	Distinguish between total fixed, average fixed and total variable, average variable cost. Draw graph. (Graph paper is not required)	<b>6</b>	<b>Level 4</b>	<b>CO4</b>
	<b>b.</b>	Distinguish between with examples. i) Implicit cost and Explicit cost ii) Accounting cost and Historical cost	<b>6</b>	<b>Level 4</b>	<b>CO4</b>
		Answer <b>Any two</b> from the following.			
	<b>a.</b>	The following table shows India's oil consumption from 19 September to 25 September 2022 in quantities supplied and demanded in lakh barrels per day at different prices.	<b>6</b>	<b>Level 3</b>	<b>CO3</b>

		Price per barrel	Quantity supplied lakh barrels per day	Quantity demanded lakh barrels per day			
		₹ 6,000	36	48			
		₹ 6,300	38	46			
		₹ 6,600	40	44			
		₹ 7,900	42	42			
		₹ 7,200	44	40			
		₹ 7,500	46	38			
		₹ 7,800	48	36			
		i) Apply the information in the table to draw a demand and supply curve and identify equilibrium price and quantity demanded. (Graph paper is not required). ii) Assume that supply for crude oil in the market increase, what will happen to equilibrium price. Show it graphically.  Assume that supply for crude oil in the market decrease, what will happen to equilibrium price. Show it graphically.					
	<b>b.</b>	Identify any six factors influencing the demand of garments in the market			<b>6</b>	<b>Level 3</b>	<b>CO3</b>
	<b>c.</b>	Make use of the following data to calculate elasticity of demand. Interpret the result.  Original price of the product is Rs. 10 at which demand in the market is 500. Company gave 20% discount to clear the unsold inventory due to which demand for the product in the market increase to 700			<b>6</b>	<b>Level 3</b>	<b>CO3</b>
<b>Q. 5</b>		<b>Answer Any two from the following.</b>					
	<b>a.</b>	Explain  1) Joint demand 2) Individual demand 3) Direct demand			<b>6</b>	<b>Level 2</b>	<b>CO2</b>
	<b>b.</b>	Explain the different types of elasticity of demand.			<b>6</b>	<b>Level 2</b>	<b>CO2</b>
	<b>c.</b>	Explain the law of demand.			<b>6</b>	<b>Level 2</b>	<b>CO2</b>
<b>Q. 6</b>		<b>Answer any two of the following</b>					
	<b>a.</b>	What is Managerial Economics?			<b>6</b>	<b>Level 1</b>	<b>CO1</b>
	<b>b.</b>	Why a manager should study Managerial Economics?			<b>6</b>	<b>Level 1</b>	<b>CO1</b>
	<b>c.</b>	What are the different steps in the process of decision making? Explain them in brief.			<b>6</b>	<b>Level 1</b>	<b>CO1</b>