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Total No. of Questions : 14] [Total No. of Pages : 03

MBA/MBA(IB) (Sem. - 1st)

MANAGERIAL ECONOMICS

SUBJECT CODE : MBA - 105 (2012 & Onward)

Paper ID : [C0105]

Time : 03 Hours **Maximum Marks : 60**

Instruction to Candidates:

1) Section - A is consists of **Six** questions carrying **Five** marks each. The student has to attempt any **Four** questions.
2) Section - B consists of **Four** subsections. Each subsection consists of **Two** questions. Each question carrying **Eight** marks. It is Compulsory to attempt **One** questions from each.
3) Section - C consists of one case study of **Eight** marks.

Section - A

Q1) What is production possibility Curve?

Q2) What are Bandwagon and snob effects?

Q3) What is Production Function?

Q4) What is Nash equilibrium?

Q5) What is Investment multiplier?

Q6) What are economies of scale?

Section - B

Subsection - I

Q7) Explain the Law of Equi marginal Utility.

OR

Q8) How managerial economics is helpful in business decisions?

Subsection - II

Q9) What are the exceptions to law of demand?

OR

Q10) What are the various techniques followed for demand forecasting?

Subsection - III

Q11) How equilibrium is determined in monopolistic competition.

OR

Q12) Explain the relationship between Total Cost, Total variable cost, Total Fixed cost, Marginal cost and Average Cost?

Subsection - IV

Q13) What is Classical Keynesian Theory?

OR

Q14) What is Business Cycle? explain the various phases of Business cycle?

Section - C

The Refco Icematic pvt. Ltd. Manufactures ice-cube making machinery in India. Refco acquired the rights to produce such machinery from one of the world's largest manufacturers of this machinery. Machines produced by refco are of international standard. In order to meet demand of different kinds of institutional buyers like hotels, clubs, hospitals etc. machines of varying capacities are manufactured. Being in the business of ice-making machines, refco identified a dormant demand for readymade ice cubes. Given $ 1 billion ice cube market in a cold country like USA, it was expected that india will provide even higher demand for ice cubes. So, ice cubes under the name "Perfect Ice" were launched in India for the first time in 1986 its target group being affluent and upper middle class consumers and commercial institutions like hospitals, clubs, hotels, airports etc. A well thought- out publicity campaign was launched and the facility of supplying ice cubes on just a phone call was made available. Except for the initial organizational and managerial hiccups which were sorted out over time, the company did not face the usual problem of shortages of inputs, government constraints, etc. perfect ice turned out to be successful product and was found to be complementary to ice cube making machinery.

The company finds that its cost structure dictates that it should produce a minimum of 300 kg ice cubes per day at which its cost is rs. 5kg. this cost declines when output expands. Refco found that market price of block ice being rs. 1 kg, the maximum price it should fix for the cubes was rs.2 kg. This price could be increased once consumers developed preference for ice cubes in general and perfect ice in particular. So it started with rs. 2 and gradually raised it to rs. 6 per kg over a 3 year period. Though the cost of water and electricity per kg of ice is only rs. 0.26, it has several other costs like wages, salaries, delievery charges, maintenance of vehicles, interest charges, advertisement costs, etc. given its costs, the present price of perfect ice provides the company a reasonable return. Having already met the demand of target consumer, refco does not seem to be interested in expanding the market to the other strata of society. Further the threat of potential competition exists for perfect ice. Given the nature of product where there is no scope for further improvements, the only way left to regain or ward off competitors is to expand the market share.

Questions

a) What is the objective of Refco?

b) What alternative goal would you suggest?

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