Roll No. ☐☐☐☐☐☐☐☐☐☐☐☐ **Total No. of Pages : 02**

Total No. of Questions : 15

MBA/MBA(IB) (2012 & Onward) (Sem.–1)

MANAGERIAL ECONOMICS

Subject Code : MBA-105

Paper ID : [C0105]

Time : 3 Hrs. **Max. Marks : 60**

INSTRUCTIONS TO CANDIDATES :

1. **SECTION-A contains SIX questions carrying FIVE marks each and students has to attempt any FOUR questions.**
2. **SECTIONS-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.**
3. **SECTION-C is COMPULSORY and consists of ONE Case Study carrying EIGHT marks.**

SECTION-A

1. Explain the difference between Marginalism and Incrementalism.
2. Critically evaluate Law of Equi-Marginal Utility.
3. Explain the various methods of measuring price elasticity of demand.
4. Explain diagrammatically short run Modern theory of cost.
5. Write a detailed note on Nash Equilibrium.
6. "*Contracyclical fiscal policy is more effective than flexible monetary policy*". Discuss.

SECTION-B

UNIT-I

7. Discuss the nature and scope of managerial economics.
8. Explain the assumptions of indifference curve analysis. Discuss diagrammatically the various properties of Indifference Curve.

UNIT-II

9. Define Demand Forecasting. What is the significance and scope of Demand forecasting?

10. Explain how a producer achieves an optimum combination of factors of production.

UNIT-III

11. Explain the short run equilibrium of the firm and industry under perfect competition.

12. What do you mean by Excess capacity? Explain short run equilibrium under Monopolistic competition.

UNIT-IV

13. Critically examine the concept of the Foreign Trade Multiplier.

14. Discuss the causes of Inflation. How can it be controlled?

SECTION-C

15. **Case Study**

Aston Martin, the car immortalized by the superspy James Bond, is the latest entrant into the Indian ultra-luxury car market. In 2011 alone, this is the fourth super car to be launched in India after the Rs. 4.5crore-worth Maybach in February, the Rs. 12.5 crore-Koenigsegg Agera in March and the Rs. 1.4 crore Maserati in early April. The top-end of the Indian luxury car market is already crowded with more than two dozen models carrying a price tag of over Rs. 1 crore.

Aston Martin has added nine more to the array of super luxury cars; among them One-77 at Rs. 20 crore, is the priciest car to be launched in India. As for the rest of the models priced between Rs. 1.4 - 2.6 crore, Lalit Choudhury, Managing Director, Performance Cars, the dealer of Aston Martin in India said they expect to sell 30 units this year.

The company has sold just 55,000 cars in its 97-year history and about 5000 cars each year-to the richest across Europe, the US and Asia. The company expects to sell a quarter of its cars to Asian and Middle Eastern countries in the next five years.

Questions :

a. Do you think Aston Martin car presents an exception to the law of demand? If yes, explain the particular exception and draw a corresponding (hypothetical) demand curve.

b. Explain consumer behavior in the case of such high priced cars, by comparing them with other similar products.