Roll No. ☐☐☐☐☐☐☐☐☐☐☐☐ **Total No. of Pages : 03**

Total No. of Questions : 10

MBA / MBA(IB) (Sem.–1)

MANAGERIAL ECONOMICS

Subject Code : MBA-102-18

M.Code : 75403

Date of Examination : 06-01-2026

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

INSTRUCTIONS TO CANDIDATES :

1. **SECTION-A contains EIGHT questions carrying TWO marks each and students has to attempt ALL questions.**
2. **SECTION-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 consist of ONE Case Study carrying TWELVE marks.**

SECTION - A

1. Answer briefly :

a. Define Managerial Economics.

b. Define the concept of opportunity cost.

c. Define price elasticity of demand.

d. What is Marginal Cost?

e. Mention two differences between monopoly and monopolistic competition.

f. State two objectives of fiscal policy.

g. What is meant by Marginal Propensity to Consume (MPC)?

h. What is inflation?

SECTION - B

UNIT - I

2. Discuss the role and significance of Managerial Economics in decision-making.

3. What is Elasticity of Demand? How Elasticity of Demand is measured?

UNIT - II

4. Define cost. Explain short-run cost curves with the help of diagrams.

5. What is Law of Variable Proportion? Explain it with suitable table and diagram with assumptions.

UNIT - III

6. Differentiate between Collusive and Non - Collusive Oligopoly. Explain how price and Output is determined under Collusive Oligopoly?

7. How Price of a Commodity is determined by an entrepreneur? Elaborate different types of Pricing Practices with suitable examples.

UNIT - IV

8. What is National Income? Explain different methods of determination of National Income?

9. Explain different theories of Inflation. Elaborate different measures to control inflation.

SECTION - C

10. Case study :

The aviation industry in India is characterized by high competition and fluctuating demand. One major airline, SkyFly Airways, operates frequently on the busy Delhi-Mumbai route. To maximize revenue, SkyFly adopted a differential pricing strategy. On weekdays, ticket prices are set at around Rs.4,000, while on weekends, when demand is higher, tickets are priced at Rs.6,500. Additionally, the airline offers discounts to students, early-bird bookings and corporate clients.

This practice of charging different prices to different customers for the same service is known as price discrimination, a common strategy under monopolistic competition or oligopoly market structures. The aim is to capture maximum consumer surplus and improve revenue without necessarily changing the service provided.

SkyFly's management has noticed that while this strategy boosts revenue, it sometimes causes dissatisfaction among passengers who feel the pricing system is unfair. Complaints on social media about sudden fare hikes have become common. On the other hand, dynamic pricing has allowed the airline to survive in a low-margin industry where fuel costs and airport charges are high.

The airline must now evaluate whether it should continue with aggressive price discrimination or move towards a more stable pricing model to maintain customer trust and loyalty.

Questions :

a. Identify the market structure under which the airline operates and explain why?

b. How does price discrimination help SkyFly maximize revenue?

c. What potential ethical and customer satisfaction issues can arise from differential pricing?

d. Should the airline adopt a more transparent pricing strategy, or continue with dynamic pricing? Explain.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.