Savitribai Phule Pune University
Department of Management Sciences
MBA-BT Semester I ---- Semester End Exam December 2014
103 - Managerial Economics

Maximum Marks: 50 marks **Time: 3Hrs**

Note: 1. All questions carry equal marks
2. Attempt any 4 of the first 6 questions.
3. Question 7 is compulsory
4. Draw neat and well-labeled graphs wherever necessary

Q1. Discuss the derivation of the law of demand with the help of the indifference curve approach. .

Q2. Discuss the least cost combination with the help of the isoquant-isocost analysis.

Q3. State and explain the law of variable proportions in detail.

Q4. Discuss the short-run equilibrium of the competitive industry and firm. Discuss the conditions under whic. the competitive firm will shut down business in the short-run.

Q5. Discuss the inter-linkage between the processes of liberalization, privatization and globalization envisaged in the NEW Economic Policy 1991.

Q6. Write short notes on:

a. Production possibility frontier
b. Application of the concept of price elasticity of demand in taxation policy

Q7. Given below are the pay-off matrices for two firms operating under oligopolistic conditions. Discuss the equilibrium of the firms using the matrices

a. Firms A and B are deciding on their advertisement budget wherein they have an option of going for either a high-budget or a low-budget strategy. Given below is their pay-off matrix:

		Firm A	
		High budget	Low budget
Firm B	High budget	4, 6	11, 9
	Low budget	7, 12	15, 14

Discuss the process of determination of equilibrium for the two firms if they have to take the decision related to advertisement budget simultaneously, given their inter-dependence.

b. Firms A and B are simultaneously taking a decision about the price of their products which are close substitutes for each other. Given below is the pay-off matrix

		Firm A	
		High price	Low price
Firm B	High price	12, 5	8, 6
	Low price	14, 16	18, 15

Discuss how equilibrium will be attained by the firms given the pay-off matrix.