

Roll Number of Candidate: _____

103ME/04102012/1100T1230

UNIVERSITY OF PUNE, DEPARTMENT OF MANAGEMENT SCIENCES

M.B.A.-+ Part I Trimester I, 103, Managerial Economics (Internal Examination) October, 2012

Time: 1 Hour and 30 Minutes

Marks: 40

Note: Answers different Sections in separate answer sheets. All questions in section-I are compulsory.

SECTION-I

Q-1 Read the following paragraph and answer the questions below. (Use diagrams.)

Gold and silver not gifted anymore this Diwali.

Luxury watches and pens, ipads, smartphones and many more are set to replace gold and silver coins, idols and pooja thalis as corporate gifts this Diwali. The prices of the precious metals soar through the roof. The Slowdown-struck companies cut back on their festival spend. The shift away from gold and silver gifts is also being spurred by a younger generation which is more enthused by luxury products. Corporate gifting of gold and silver coins is also on decline.

a) Analyse the changes in demand for luxury products. (2 Marks) b) Predict changes in prices of luxury products. (2 Marks) c) Why has the demand for gold declined? (1 Mark)

Q-2 Attempt any two of the following---

(9 Marks)

a) Write note on Giffen goods. b) Discuss the goal of profit maximization. c) State and explain the Law of Demand.

Q-3 Solve any two of the following---

(6 Marks)

a) Given the Marginal Utility schedule, Find out consumer's surplus if price is rupees 5 per unit.

Unit	1	2	3	4	5	6	7
M.U.	25	20	17	13	9	5	3

b) Given the following data, calculate promotional elasticity of demand (arc method).

	Original	New
Selling Costs	25000	40000
Demand	100	120

c) Given the demand and cost functions, estimate the changes in equilibrium price and output. $S=10+3P$ $D=35-2P$

SECTION-II

Note: Each question carries 5 marks.

Q1. Give properties of Isoquants with Diagrams. **Q2.** Supply is function of price. Explain. **Q3.** Elaborate on law of variable proportions. **Q4.** Explain Break Even Analysis with Diagram.