



Seat No. : _____

DK-113

December-2025

Int. M.B.A., Sem.-VII

Managerial Economics

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) What is the significance of demand analysis to a sales manager of a FMCG firm ? Explain with the help of the important determinants of demand. 7
(B) Explain the difference between Diminishing Marginal Utility and Equi Marginal Utility. 7
2. (A) Define and differentiate cross elasticity and elasticity of substitution. 7
(B) Explain trend projection method of demand forecasting in detail. 7
3. Answer Any **Two** : 14
(A) Note on Cobb-Douglas production function.
(B) What are the Real economies of scale ? Explain.
(C) Why do increasing returns to scale imply a decreasing long-run average cost function and decreasing returns to scale imply an increasing long run average cost function ? Explain.
4. (A) Perfectly competitive firms & monopolists use the same rule to determine the profit-maximizing output. Does this imply that they produce the same level of output & charge the same price ? Graphically illustrate your answer. 7
(B) Discuss the different strategic approaches that firms can use to deter new entry. Use illustrations to support the approaches. 7

OR

- (B) If firm A does not advertise, it earns a profit of ₹ 10 crores if firm B does not advertise & ₹ 4 Crores if firm B advertises. If firm A does advertise, it earns 20 crores if firm B does not advertise and ₹ 6 crores if firm B also advertises. The same outcome holds for firm B, depending on what firm does. 7
(i) Write the payoff matrix for this problem.
(ii) If managers are risk-averse & have no information on the strategy of the other firm, what will be the strategy for each firm ?

5. (A) How does a multiplant firm determine its prices when they have common costs ?
What are the considerations ? Discuss any of the two such approaches in detail. **10**
- (B) Discuss the concept of economic rent. Can it be applied to the professional sports industry ? **4**

OR

5. (A) Discuss price Bundling as a pricing strategy using an illustration. Is it better than price discrimination ? Explain. **7**
- (B) Discuss the economics of collective bargaining between firms and labour unions. What determines the outcome at the bargaining table ? **7**
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