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First Semester MBA Degree Examination, Dec.2016/Jan.2017

Economics for Managers

Time: 3 hrs.

Max. Marks:80

**Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.
2. Question No. 8 is compulsory.**

- 1
 - a. What are the objectives of a firm? (02 Marks)
 - b. State law of demand. What are its exceptions? (06 Marks)
 - c. What is price elasticity of demand? Discuss it in detail with suitable examples. (08 Marks)

- 2
 - a. What is isoquant? (02 Marks)
 - b. Discuss law of variable proportion with diagram. (06 Marks)
 - c. What is economy of scale? Elaborate the factors influencing it. (08 Marks)

- 3
 - a. What is opportunity cost? (02 Marks)
 - b.

Fixed cost	Rs. 20000
Variable cost/unit	Rs.5
Selling price/unit	Rs.10

 Determine BEP. (06 Marks)
 - c. Elaborate cost-output relationship in short run. (08 Marks)

- 4
 - a. What is perfect competition? (02 Marks)
 - b. What is price stickyness? Explain in brief. (06 Marks)
 - c. Explain price determination and equilibrium under perfect competition. (08 Marks)

- 5
 - a. What is National Income? (02 Marks)
 - b. Which are the different sectors contribute to Indian economy? (06 Marks)
 - c. What are the difficulties in measuring National Income? (08 Marks)

- 6
 - a. What is disinvestment? (02 Marks)
 - b. What are the various tools for credit control? (06 Marks)
 - c. Explain impact of WTO on India's foreign trade. (08 Marks)

- 7
 - a. What is Cartel? (02 Marks)
 - b. Elaborate SWOT analysis of Indian economy. (06 Marks)
 - c. Discuss Indian Industrial Policy 1991 in brief. (08 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

8 CASE STUDY:

CNG Vehicles have arrived

CNG has grown into one of the major fuel sources used in car engines globally. In all, 28 CNG models are in production globally by Audi, Fiat, Ford, Honda, Hyundai, Lincoln, Mercedes Benz, Opel, Peugeot, Renault, Toyota and Volkswagen. Some of the countries have taken big lead in this field. Pakistan tops the list with more than 60 percent vehicles running on CNG followed by Armenia (32 percent).

The main factor causing this rapid growth includes current energy crisis increasing environmental awareness and the price differentials between CNG and petrol. A look of price will make the point more clear. In India, CNG cost are at Rs.35 per kg compared with Rs.65 per liter of petrol. Although India has only 1.3 percent of its vehicles running on CNG but New Delhi is home to largest fleet of CNG public transportation vehicles in the world because the use of CNG is mandated for the public transport system in New Delhi. Consumers throughout the country are following suit. Automakers are currently vying for marketing positions to further India's effort for CNG conversion.

Questions:

- a. What is the relationship between the demand for CNG and petrol? (04 Marks)
- b. What will be the impact on demand for CNG if prices of petrol decline? (04 Marks)
- c. In your opinion, what could be the reason for difference in usage of CNG in India and Pakistan? (04 Marks)
- d. According to you, why the CNG demand in India is not increasing? Justify. (04 Marks)

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