



Roll No.

**PRESIDENCY UNIVERSITY
BENGALURU
SCHOOL OF MANAGEMENT
MID TERM EXAMINATIONS**

**SEC: F TO K
SET A**

Sem & AY: Odd Sem 2019-20

Course Code: MGT 216

Course Name: MICROECONOMICS FOR MANAGERS

Program & Sem: MBA & I

Date: 19.11.2019

Time: 9:30 AM to 11:00 AM

Max Marks: 40

Weightage: 20%

Instructions:

- (i) Read the question thoroughly and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and Non-programmable calculators are permitted

Part A [Memory Recall Questions]

Answer both the Questions. Each Question carries three marks. (2Qx3M=6M)

1. What is an Economic Model, give two examples (C.O.N.O.1) [Knowledge]
2. How will you be able to distinguish between Law of Demand and Law of Supply
(C.O.N.O.1) (Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each Question carries five marks. (4Qx5M=20M)

3. 'Differentiate Market demand from Individual demand. Illustrate this with diagram.
(C.O.NO.1&2) (Comprehension]
4. Define the equilibrium of a market. Describe the forces that move a market towards its equilibrium
(C.O.NO.1&2) [Comprehension]
5. Spinach is an inferior good. If the economy goes into recession and income falls, what happens in the market for inferior goods? Explain with diagram
(C.O.N.O.1&2) [Comprehension]

6. Does a change in consumer tastes lead to movement along the demand curve or a shift in the demand curve ? Does a change in price leads to movement along the demand curve or shift in the demand curve . (C.O.NO 1&2) (Comprehension)

Part C [Problem Solving Questions]

Answer the Questions. The Question carries fourteen marks.

(1Qx14M=14M)

7. Suppose the following demand schedule for stationery.

| Price | Quantity Demanded when Income = 10,000 | Quantity Demanded when Income = 12,000 |
|-------|-------------------------------------------|-------------------------------------------|
| 8 | 40 | 50 |
| 10 | 32 | 45 |
| 12 | 24 | 30 |
| 14 | 16 | 20 |
| 16 | 8 | 12 |

- a. Calculate the price elasticity of demand (midpoint/ARC method) when the price of stationery increases from 8 to 10 when (1) your income is 10,000 and (2) when your income is 12,000. (C.O.N.O.1&2) [Application]
- b. Calculate the income elasticity of demand as the income increases from 10,000 to 12,000 if (1) the price is 12 and (2) if the price is 16

(C.O.N.O.1&2) (Application)



SCHOOL OF MANAGEMENT

Semester: Odd Sem 2019-20

Course Code: MGT 216

Course Name: Microeconomics for managers

Date: 19-10-2019

Time: 9:30 to 11:00 AM

Max Marks: 40

Weightage: 20

Extract of question distribution [outcome wise & level wise]

| Q.NO. | C.O.NO (%age of CO) | Unit/Module Number/Unit /Module Title | Memory recall type [Marks allotted] Bloom's Levels | Thought provoking type [Marks allotted] Bloom's Levels | Problem Solving type [Marks allotted] | Total Marks |
|-------|---------------------------|---------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------|----------------|
| | | | K | C | A | |
| 1 | 1 10% | Unit 1 | 3 | | | |
| 2 | 1 5% | Unit 1 | 3 | | | |
| 3 | 1&2 15% | Unit 1 | | 5 | | |
| 4 | 1&2 | Unit 2 | | 5 | | |
| 5 | 1&2 | Unit 2 | | 5 | | |
| 6 | 1&2 | Unit 2 | | 5 | | |
| 7 | 2 | Unit 2 | | | 14 | |
| | Total Marks | | 6 | 20 | 14 | 40 |

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines. [Dr ROSEWINE JOY]

Reviewer's Comments:

Annexure- II: Format of Answer Scheme



SCHOOL OF MANAGEMENT

SOLUTION

Semester: Odd Sem 2019-20

Course Code: MGT 216

Course Name: Microeconomics for Managers

Date: 19th October 2019

Time: 9:30 to 11:00 AM

Max Marks: 40

Weightage: 20

Part A

(2Q x 3M = 6 Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|--------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------|
| 1 | PPF & Circular flow | 3 marks for explanation | 5 min |
| 2 | Law of Demand : Price increases, demand decreases Law of Supply : Price Increases ,supply increases | 3 marks for explanation | 5 min |

Part B

(4Q x 5M = 20 Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|--------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------|
| 3 | Market demand is aggregate of individual demand | 2 marks for explanation and 3 marks for diagram | 10 minutes |
| 4 | Demand = Supply = Equilibrium ; Conditions of Shortage and Excess supply | 2 marks for explanation and 1.5 mark for each (two) diagram | 15 minutes |
| 5 | Demand for Spinach Increases in the market. | 3 marks for definition and 2 marks for conditions/diagram | 10 minutes |
| 6 | Change in Taste : Shift Change in Price : Movement | 2.5 marks for each | 15 minutes |

Part C

(1Q x 14M = 14 Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|-------------------|-------------------|--------------------------------------|
| 7a | (1) -1, (2) -0.47 | 7 marks for each | 15 minutes |
| 7b | (1) 1.22, (2) 2.2 | 7 marks for each | 15 minutes |



| | | | | | | | | | | | | | | | | | | | |
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| Roll No. | | | | | | | | | | | | | | | | | | | |
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**PRESIDENCY UNIVERSITY
BENGALURU**

SEC: F TO K

SCHOOL OF MANAGEMENT

SET B

MID TERM EXAMINATIONS

Sem & AY: Odd Sem 2019-20

Date: 19.11.2019

Course Code: MGT 216

Time: 9.30 AM to 11.00 AM

Course Name: MICROECONOMICS FOR MANAGERS

Max Marks: 40

Program & Sem: MBA & I

Weightage: 20%

Instructions:

(i) Write Legibly

Part A [Memory Recall Questions]

Answer both the Questions. Each Question carries three marks. (2Qx3M=6M)

1. Explain and draw the circular flow of economic activity?

(C.O.N.O.1&2) [Knowledge]

2. Draw a production possibility frontier for guns and butter. How opportunity cost is related to it?

(C.O.N.O.1&2) [Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each Question carries five marks. (4Qx5M=20M)

3. How market equilibrium is defined? Explain with diagram the situation of surplus and shortage in the market?

(C.O.N.O.1&2) [Comprehension]

4. Define law of demand? In which way the demand curve will shift for the following:

(C.O.N.O.1&2) [Comprehension]

a. Price of substitute good increases.

b. Income increases.

c. Number of buyers decreases.

d. Expected future price decreases.

5. Explain different types of price elasticity of demand and for each case draw the respective demand curves? (C.O.N.O.1&2) [Comprehension]
6. What are the determinants of supply? Explain the impact on supply curve due to government policies for following. (C.O.N.O.1&2) [Comprehension]
- Taxes
 - Subsidies

Part C [Problem Solving Questions]

Answer the Questions. Each Question carries fourteen marks (1Qx14M=14M)

7. The following table shows the relationship between the price of product A and the quantity demanded for products A and B. (Apply Arc / Mid-point elasticity formula)

| Price of A (₹) | Quantity demanded for A (kg) | Quantity demanded for B (kg) | Consumers' income (₹) |
|----------------|------------------------------|------------------------------|-----------------------|
| 6.00 | 100 | 20 | 2,000 |
| 6.50 | 90 | 30 | 1,800 |
| 7.00 | 70 | 50 | 1,600 |
| 7.50 | 40 | 70 | 1,400 |
| 8.00 | 10 | 85 | 1,200 |

- Calculate the price elasticity of demand for A, if the price of A increases from ₹ 7.00 to ₹ 8.00 per kg, and indicate whether the demand is elastic or inelastic?
- Calculate the cross elasticity of demand for B when the price of A decreases from ₹ 7.50 to ₹ 6.50. Are A and B complementary or substitute good.
- Calculate the income elasticity of demand for A when the income of consumers increases from ₹ 1,400 to ₹ 1800. What type of product is A?
- List two factors that can influence the price elasticity of demand.

[4 M +4M+4M+2M] (C.O.NO.1& 2) [Application]



SCHOOL OF MANAGEMENT

Semester: Odd Sem 2019-20

Course Code: MGT 216

Course Name: MICROECONOMICS FOR MANAGERS

Date: 19.10.19

Time: 9.30 - 11.00 am

Max Marks: 40

Weightage: 20 %

Extract of question distribution [outcome wise & level wise]

| Q.NO | C.O.NO (% of CO) | Unit/Module Number/Unit /Module Title | Memory recall type | Thought provoking type | Problem Solving type [Marks allotted] | Total Marks |
|------|----------------------|---------------------------------------------|------------------------------------|------------------------------------|---------------------------------------------|----------------|
| | | | [Marks allotted] Bloom's Levels | [Marks allotted] Bloom's Levels | | |
| | | | K | C | A | |
| 1 | 1 & 2 (70%) | Module1 | K | | | 3 |
| 2 | 1& 2 (70%) | Module 1 | K | | | 3 |
| 3 | 1 &2 (80%) | Module 2 | | C | | 5 |
| 4 | 1 & 2 (80%) | Module 2 | | C | | 5 |
| 5 | 1 & 2 (80%) | Module 2 | | C | | 5 |
| 6 | 1 & 2 (80 %) | Module 2 | | C | | 5 |
| 7 | 1 & 2 (80%) | Module 2 | | | A | 14 |

| | | | | | | |
|--|-------------|----|--|--|--|--|
| | Total Marks | 40 | | | | |
|--|-------------|----|--|--|--|--|

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines. [Name of faculty]

Reviewer's Comments:

Annexure- II: Format of Answer Scheme



SCHOOL OF MANAGEMENT

SOLUTION

Semester: Odd Sem 2019-20

Course Code: MGT 216

Course Name: MICROECONOMICS FOR MANAGERS

Date: 19.10.19

Time: 9.30 – 11.00

Max Marks: 40

Weightage: 20%

Part A

(2Q x 3M = 6 Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|--------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------------|
| 1. | Firm, Household, flow of resources, flow of goods | 3 | 6 min |
| 2. | PPF : Economy uses all resources and technology efficiently, Opportunity cost: The value of the | 3 | 6 min |

| | | | |
|--|--------------------------|--|--|
| | best alternative forgone | | |
|--|--------------------------|--|--|

Part B

(4Q x 5 M = Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------------|
| 3. | Demand =Supply | (2+3) | 12 |
| 4 | Demand for a good is inversely related to price, Right, Right, Left, left | (1+1+1+1+1) | 12 |
| 5 | Perfectly elastic, Perfectly inelastic, Unitary elastic, elastic, inelastic | 5 | 12 |
| 6 | Input prices, Technology, Expectations about the future, no of sellers. Tax decreases supply Subsidies increase supply | (3+1+1) | 12 |

Part C

(1Q x 14M =14 Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------------|
| 7 | a. -11.25, Demand is elastic b. 5.6, A & B are substitutes c. 3.07, Product A is a luxury good d. Existence of substitute goods | (4+4+4+2) | 30 min |

| | | | |
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| | e. Time | | |
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Roll No.

**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF MANAGEMENT

MID TERM EXAMINATIONS

Sem & AY: Odd Sem 2019-20

Course Code: MGT 216

Course Name: MICROECONOMICS FOR MANAGERS

Program & Sem: MBA & I

Date: 19.10.2019

Time: 9:30 AM to 11:00 AM

Max Marks: 40

Weightage: 20%

Instructions:

- i. Answer all the Questions.
- ii. Scientific and Non-programmable calculators are permitted

Part A [Memory Recall Questions]

Answer both the Questions. Each Question carries three marks. (2Qx3M=6M)

1. Explain the production possibility curve. (C.O.NO.1) [Knowledge]
2. How will you be able to distinguish between micro and macroeconomics?
(C.O.NO.1) [Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each Question carries five marks. (4Qx5M=20M)

3. 'One person's spending is another's income'. Illustrate this in the context of circular flow diagram. (C.O.NO.1&2) [Comprehension]
4. How do you compare a luxury ship cruise with insulin in terms of elasticity? Explain with the help of diagrams. (C.O.NO 1&2) [Comprehension]
5. How do you define equilibrium? What are the conditions to achieve market equilibrium? (C.O.NO.1&2) [Comprehension]
6. Are total revenue, elasticity and price related? Does it make sense to raise the price if demand is inelastic? Answer with the help of diagram.
(C.O.NO.3) [Comprehension]

Part C [Problem Solving Questions]

Answer the Question. The Question carries fourteen marks.

(1Qx14M=14M)

7. Suppose the following demand schedule for stationery.

| Price | Quantity Demanded when Income = 10,000 | Quantity Demanded when Income = 12,000 |
|-------|-------------------------------------------|-------------------------------------------|
| 8 | 40 | 50 |
| 10 | 32 | 45 |
| 12 | 24 | 30 |
| 14 | 16 | 20 |
| 16 | 8 | 12 |

- a. Calculate the price elasticity of demand (midpoint/ARC method) when the price of stationery increases from 8 to 10 when (1) your income is 10,000 and (2) when your income is 12,000. (C.O.NO.1&2) [Application]
- b. Calculate the income elasticity of demand as the income increases from 10,000 to 12,000 if (1) the price is 12 and (2) if the price is 16. (C.O.NO.1&2) [Application]



SCHOOL OF MANAGEMENT

Semester: Odd Sem 2019-20

Course Code: MGT 216

Course Name: Microeconomics for managers

Date: 19-10-2019

Time: 9:30 to 11:00 AM

Max Marks: 40

Weightage: 20

Extract of question distribution [outcome wise & level wise]

| Q.NO. | C.O.NO (%age of CO) | Unit/Module Number/Unit /Module Title | Memory recall type [Marks allotted] Bloom's Levels | Thought provoking type [Marks allotted] Bloom's Levels | Problem Solving type [Marks allotted] | Total Marks |
|-------|---------------------------|---------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------|----------------|
| | | | K | C | A | |
| 1 | 1 10% | Unit 1 | 3 | | | |
| 2 | 1 5% | Unit 1 | 3 | | | |
| 3 | 1&2 15% | Unit 1 | | 5 | | |
| 4 | 1&2 15 | Unit 2 | | 5 | | |
| 5 | 1&2 10 | Unit 2 | | 5 | | |
| 6 | 3 10 | Unit 2 | | 5 | | |
| 7 | 2 15 | Unit 2 | | | 14 | |
| | Total Marks | | 6 | 20 | 14 | 40 |

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines. [Dr NALIN KUMAR C]

Reviewer's Comments:

Annexure- II: Format of Answer Scheme



SCHOOL OF MANAGEMENT

SOLUTION

Semester: Odd Sem 2019-20

Course Code: MGT 216

Course Name: Microeconomics for Managers

Date: 19th October 2019

Time: 9:30 to 11:00 AM

Max Marks: 40

Weightage: 20

Part A

(2Q x 3M = 6 Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------|
| 1 | Illustrates the maximum possible output from the inputs/resources. Mention of any three of the key concept such as trade off, opportunity cost, margin or efficiency. | 3 marks for explanation | 5 min |
| 2 | Micro: individual level, examples Macro: larger/aggregate – GDP, inflation, unemployment, etc. | 3 marks for explanation | 5 min |

Part B

(4Q x 5M = 20 Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------|
| 3 | Illustrate the two by two circular flow model, household vs firms and product and factor markets | 2 marks for explanation and 3 marks for diagram | 10 minutes |
| 4 | Luxury cruise demand is more elastic and responsive to price, hence a flatter demand curve. Insulin is an essential drug, price inelastic and hence a steeper demand curve | 3 marks for explanation and 1 mark for each (two) diagram | 15 minutes |
| 5 | When the supply and demand curves intersect, the market is in equilibrium. This is where the quantity demanded and quantity supplied are equal. The corresponding price is the equilibrium price or market-clearing price, the quantity is the equilibrium quantity. | 3 marks for definition and 2 marks for conditions/diagram | 10 minutes |
| 6 | Yes, they are related. It makes sense to raise the price when demand is inelastic as the increased revenue due to higher Price is greater than lost revenue due to lower Quantity. | 1 mark for yes or no. 2 marks for justification and 2 marks for diagram | 15 minutes |

Part C

(2Q x 7M = 14 Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|-------------------|--------------------|--------------------------------------|
| 7a | (1) -1, (2) -0.47 | 3.5 marks for each | 15 minutes |
| 7b | (1) 1.22, (2) 2.2 | 3.5 marks for each | 15 minutes |



| | | | | | | | | | | | | | | | | | | | |
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| Roll No | | | | | | | | | | | | | | | | | | | |
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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF MANAGEMENT

SET A

END TERM FINAL EXAMINATION

Semester: Odd Semester: 2019 - 20

Date: 07 January 2020

Course Code: MGT 216

Time: 09.30 AM to 12.30 PM

Course Name: MICROECONOMICS FOR MANAGERS

Max Marks: 100

Program & Sem: MBA & I

Weightage: 50%

Instructions:

- (i) Read the all questions carefully and answer accordingly.
- (ii) Calculators are allowed

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries 06 marks. (5Qx6M=30M)

1. What kind of market is Duopoly, How is it different from Oligopoly (C.O.No.5) [Knowledge]
2. Define production Isoquants, detail the properties of Isoquants (C.O.No.2) [Knowledge]
3. Illustrate Circular flow economy (two-sector model) with diagram (C.O.No.3) [Knowledge]
4. Differentiate shift in the demand curve and movements along the demand curve (C.O.No.1) [Knowledge]
5. Why the Average Variable cost curve is U shaped? (C.O.No.4) [Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each Question carries 10 marks. (4Qx10M=40M)

6. Suppose that business travelers and vacationers have the following demand for airline tickets from New York to Boston (C.O.No.3) [Comprehension]

Table: No 1

| Price | Quantity Demanded (business travelers) | Quantity Demanded (vacationers) |
|-------|----------------------------------------|---------------------------------|
| \$150 | 2000 tickets | 900 tickets |
| 200 | 1900 | 700 |
| 250 | 1800 | 500 |
| 300 | 1700 | 300 |

- a) As the price of tickets rises from \$200 to \$250, what is the price elasticity of demand for 1) business travelers 2) vacationers? (Use Arc method for calculation)
- b) Why might vacationers have a different elasticity from business travelers?
7. Detail Law of Variable proportion with Graph. How is it different from Law of return to scale (C.O.No.1) [Comprehension]
8. Differentiate between Perfect competition and Monopolistic Competition (C.O.No.5) [Comprehension]
9. What do you mean by Equilibrium in market? Could Market face disequilibrium, explain. (C.O.No.2) [Comprehension]

Part C [Problem Solving Questions]

Answer both the Questions. Each Question carries 15 marks. (2Qx15M=30M)

10. Ball Bearings.Inc. faces cost of production as follows: (C.O.No.4) [Application]

Table : No : 2

| Quantity | Total Fixed Cost | Total Variable Cost |
|----------|------------------|---------------------|
| 0 | \$100 | \$0 |
| 1 | \$100 | \$50 |
| 2 | \$100 | \$70 |
| 3 | \$100 | \$90 |
| 4 | \$100 | \$140 |
| 5 | \$100 | \$200 |
| 6 | \$100 | \$360 |

- a) Calculate the company's average fixed cost, average variable cost, average total costs and marginal cost at each level of production
- b) The price of a case of ball bearing is \$50 .Seeing that he can't make a profit , the chief executive officer (CEO) decided to shut down operations. What is the firm's profit/loss? Was this a wise decision? Explain.
11. Detail the major characteristics that differentiate market structures. Identify which market structure below products / services belongs to and detail why you think they possess the characteristics of those markets. (C.O.No.5) [Application]
- a) Indian Railway
 - b) Fruits
 - c) Airlines
 - d) Restaurants

Faculty Signature:



Reviewer Comment:

Format of Answer Scheme



SCHOOL OF MANAGEMENT

SOLUTION

Semester: Odd Sem. 2019-20
Course Code: MGT 216
Course Name: MICROECONOMICS FOR MANAGERS
Program & Sem: MBA I SEM

Date: 07.01.2020
Time: 09.30am to 12.30pm
Max Marks: 100
Weightage: 50%

Part A

(5Q x 6M = 30Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------|
| 1 | Duopoly = 2 players in the market ; Oligopoly = 3 to 4 prominent players | 3 marks ,3 marks | 12 minutes |
| 2 | Combination of Labour and Capital for an Output, negatively sloped, convex to origin, doesn't intersect , higher IC higher output | 3 marks ,3 marks | 12 minutes |
| 3 | 2 markets; 2 players | 3 marks /3 marks for graph | 12 minutes |
| 4 | Shift = other detreminets ; movements = price | 3 /3 | 12 minutes |
| 5 | Initially, it decreases and then increases | 6 | 12 minutes |

Part B

(4Q x 10M = 40 Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|---------------------------------------------------------------------|---------------------------------------------|--------------------------------------|
| 6 | Business traveler = $q_2 - q_1 / q_2 + q_1 * p_2 + p_1 / p_2 - p_1$ | 4 marks /4 marks /2 marks | 15 minutes |
| 7 | 3 stages and graph | 5 marks for explanation / 5 marks for graph | 15 minutes |



SCHOOL OF MANAGEMENT

END TERM FINAL EXAMINATION

Extract of question distribution [outcome wise & level wise]

| Q.NO | C.O.NO (% age of CO) | Unit/Module Number/Unit /Module Title | Memory recall type | Thought provoking type | Problem Solving type [Marks allotted] | Total Marks |
|------|----------------------------|---------------------------------------------|------------------------------------|------------------------------------|---------------------------------------------|----------------|
| | | | [Marks allotted] Bloom's Levels | [Marks allotted] Bloom's Levels | | |
| | | | K | C | A | |
| 1 | 5 | 4 | K | | | 6 |
| 2 | 2 | 3 | K | | | 6 |
| 3 | 3 | 1 | K | | | 6 |
| 4 | 1 | 2 | K | | | 6 |
| 5 | 4 | 3 | K | | | 6 |
| 6 | 3 | 2 | | C | | 10 |
| 7 | 1 | 3 | | C | | 10 |
| 8 | 5 | 4 | | C | | 10 |
| 9 | 2 | 2 | | C | | 10 |
| 10 | 4 | 3 | | | A | 15 |
| 11 | 5 | 4 | | | A | 15 |
| | Total Marks | | | | | 100 |

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines.

| | | | |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------|
| 8 | Product homogeneous, price taker , imaginary situation , Entry and in perfect competition than in monopolistic competition. Exit are comparatively easy | 10 marks | 15 minutes |
| 9 | $Q_d = Q_s$; Shortage / Surplus | 5 marks/5 marks | 15 minutes |

Part C

(2Q x 15M = 30Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|
| 10 | $AFC = TFC/Q$; $AVC = TVC/Q$; $ATC = AFC + AVC$; $MC = \Delta TC / \Delta Q$ B) Find TR ; Profit = TR –TC | a) 10 marks b) 5 marks | 30 minutes |
| 11 | Major characteristics : No of buyers and sellers , products, pricing and Entry exit Indian Railway = Monopoly Fruits = PC Airlines = Oligopoly Restuarent = Monopolistic competition | 5 marks ; 2.5 marks each | 30 minutes |



| | | | | | | | | | | | | | | | | | | | |
|---------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Roll No | | | | | | | | | | | | | | | | | | | |
|---------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF MANAGEMENT

SET B

END TERM FINAL EXAMINATION

Semester: Odd Semester: 2019 - 20

Course Code: MGT 216

Course Name: MICROECONOMICS FOR MANAGERS

Program & Sem: MBA & I

Date: 07 January 2020

Time: 9:30 AM to 12:30 PM

Max Marks: 100

Weightage: 50%

Instructions:

(i) Read the all questions carefully and answer accordingly.

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries 6 marks.

(5Qx6M=30M)

1. Define law of demand? What are the various determinants of demand for a product Coke?
[2+4M] (C.O.No.1) [Knowledge]
2. Draw the Production Possibility Frontier and explain with an example.
[3+3M] (C.O.No.2) [Knowledge]
3. Illustrate any two principles of economics. (C.O.No.2) [Knowledge]
4. What is meant by Fixed cost and Variable cost. Provide some examples.
(C.O.No.3) [Knowledge]
5. Mention the characteristics of a monopolistic competition with some examples.
(C.O.No.4) [Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each Question carries 10 marks.

(4Qx10M=40M)

6. Give a practical example of perfect competition and specify the characteristics of perfect competition in this market. What are the different types of profit a firm earns in short run (Graphically explain)
[6+4M] (C.O.No.4) [Comprehension]
7. Why long run average cost curve of a firm is called an Envelope curve? Explain economies and Diseconomies of scale broadly?
[3+7M] (C.O.No.3) [Comprehension]

8. What are the conditions necessary for creating a monopoly market? Explain what do you mean by a discriminating monopolist? [4+6 M] (C.O.No.4) [Comprehension]

9. a. Define price elasticity of demand and income elasticity of demand?

b. If the price of pens decreases from ₹ 2 to ₹ 1 and the quantity for pens increases from 40 to 50 units, calculate the price elasticity of demand and comment on the nature of elasticity?

c. If income increases from ₹ 1,000 to ₹ 2000 and the quantity demanded for the product increases by 20 to 30 units, calculate the income elasticity of demand and comment on the nature of good?

[4+3+3 M] (C.O.No.2) [Application]

Part C [Problem Solving Questions]

Answer both the Questions. Each Question carries 15 marks.

(2Qx15M=30M)

10. Explain what is a production function? Establish the relationship between total product, marginal product and average product? Specify in which stage a producer would prefer to stay and why?

[2+10+3M] (C.O.No.2) [Application]

11. a. Establish the relationship between average fixed cost, average variable cost, marginal cost curves.

b. The following table reflects the behavior of costs of a firm in Short Run. Find the values for Total cost, Average Fixed cost, Average Variable cost, Average total cost, Marginal Cost.

[5+10M] (C.O.No.3) [Application]

| Quantity (Q) | Total Fixed Cost (TFC) | Total Variable Cost (TVC) | Total Cost (TC) =TFC+TVC | Average Fixed cost (AFC) | Average Variable Cost (AVC) | Average Total Cost (ATC) | Marginal Cost (MC) |
|--------------|------------------------|---------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|--------------------|
| 0 | 20 | 0 | | | | | |
| 1 | 20 | 15 | | | | | |
| 2 | 20 | 25 | | | | | |
| 3 | 20 | 30 | | | | | |
| 4 | 20 | 35 | | | | | |
| 5 | 20 | 45 | | | | | |
| 6 | 20 | 65 | | | | | |
| 7 | 20 | 90 | | | | | |

| | | | | | | | |
|---|----|----|--|--|--|--|--|
| 7 | 20 | 90 | | | | | |
|---|----|----|--|--|--|--|--|



SCHOOL OF MANAGEMENT

END TERM FINAL EXAMINATION

Extract of question distribution [outcome wise & level wise]

| Q.NO | C.O.NO (% age of CO) | Unit/Module Number/Unit /Module Title | Memory recall type | Thought provoking type | Problem Solving type | Total Marks |
|------|----------------------------|---------------------------------------------|-----------------------|---------------------------|-------------------------|----------------|
| | | | [Marks allotted] | [Marks allotted] | [Marks allotted] | |
| | | | Bloom's Levels | Bloom's Levels | | |
| | | | K | C | A | |
| 1 | 1 | Module 1 | 6 | | | 6 |
| 2 | 2 | Module 1 | 6 | | | 6 |
| 3 | 2 | Module 3 | 6 | | | 6 |
| 4 | 3 | Module 3 | 6 | | | 6 |
| 5 | 4 | Module 4 | 6 | | | 6 |
| 6 | 4 | Module 4 | | 10 | | 10 |
| 7. | 3 | Module 3 | | 10 | | 10 |
| 8. | 4 | Module 4 | | 10 | | 10 |
| 9. | 2 | Module 2 | | | 10 | 10 |

| | | | | | | |
|-----|---|-------------|--|--|----|-----|
| 10. | 2 | Module 3 | | | 15 | 15 |
| 11. | 3 | Module 3 | | | 15 | 15 |
| | | Total Marks | | | | 100 |

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines.

Faculty Signature:

Reviewer Comment:

Format of Answer Scheme



SCHOOL OF MANAGEMENT

SOLUTION

Semester: Odd Sem, 2019-20
 Course Code: MGT 216
 Course Name: MICROECONOMICS FOR MANAGERS
 Program & Sem: MBA & I

Date: 7Jan 2020
 Time: 3 HRS
 Max Marks: 100
 Weightage: 50%

Part A

(5Q x 6M = 30Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|----------|-------------------|--------------------------------------|
|------|----------|-------------------|--------------------------------------|

| | | | |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----|
| 1. | States that the higher the price of a product, the lower is the quantity demanded for that product and vice versa Determinants: Price of related goods, Consumer's income, taste and preferences, Number of buyers, expectation about future prices | (2+4) | 12 |
| 2. | PPF (Any example) | (3+3) | 12 |
| 3. | Principles of Economics (any two) | (3+3) | 12 |
| 4. | Fixed cost- Independent of level of output. Maintenance of building etc Variable cost- Dependent on the level of output. Raw materials etc | 6 | 12 |
| 5. | Monopolistic competition: Product differentiation, Large number of sellers, Free entry and free exit, Selling costs, Downward sloping demand curve | 6 | 12 |

Part B

(4Q x 10M = 40 Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------------|
| 6. | Stock market, Large no of buyers and sellers, homogeneous product, mobility of factors of production, perfect knowledge. Excess profit, normal profit, loss | (6+4) | 15 |
| 7. | LRAC is taking the coverage of all SRACs Economies of scale- decreases the LRAC Diseconomies of scale –Increases LRAC | (3+7) | 15 |
| 8. | Patents, copyrights, control over raw materials, franchise Monopolist charges different prices from different consumers | (4+6) | 15 |
| 9. | a. Price elasticity: Percentage change in demand to percentage change in price. Income elasticity: Percentage change in demand to percentage change in income of the consumers. b. -0.667, Inelastic in nature c. 0.06 , Necessary good | (4+ 3+3) | 15 |

Part C

(2Q x 15M = 30Marks)

| Q No | Solution | Scheme of Marking | Max. Time required for each Question |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------------|
| 10. | Production function shows the technical relationship between inputs and output. When AP is increasing, MP may be increasing or decreasing. When AP is decreasing, MP is also decreasing but positive. | 2+10 +3 | 30 min |

| | | | |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--------|
| | Lastly all three are diminishing and MP even turning to negative values. Producer would prefer to stay at Stage II. | | |
| 11. | a. AFC shape rectangular hyperbola, MC, AC, AVC U shaped. b. TC: 20, 35, 45, 50, 55, 65, 85, 110 AFC: -, 20,10,6.67,5,4,3.33,2.86 AVC:-, 15,12.50,10,8.75,9, 10.83,12.86 ATC: -, 35,22.50,16.67,13.75,13,14.16,15.72 MC: -, 15, 10,5,5,10,20, 25 | 5+10 | 30 min |