



PRESIDENCY UNIVERSITY

BENGALURU

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Mid - Term Examinations – December 2025

Date: 09 / 12 / 2025

Time: 10:00am – 11:30am

School: SOM-PG	Program: MBA	
Course Code: GMM4111	Course Name: Managerial Economics	
Semester: I	Max Marks:50	Weightage:25%

CO - Levels	C01	C02	C03	C04	C05
Marks	35	15			

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

Part- A

Answer ALL the Questions. Each question carries 3marks.

5Q x 3M=15 Marks

1	Distinguish between Fixed Cost and Variable Cost.	3 Marks	L2	C01
2	Briefly explain the various factors of production.	3 Marks	L2	C01
3	Draw the three-sector circular flow of income and expenditure model.	3 Marks	L2	C01
4	Define Marginal cost and Average cost.	3 Marks	L1	C01
5	Distinguish between micro and macro economics	3 Marks	L2	C01

Part- B

Answer the Questions

2Qx10M = 20 Marks

6.	Metro Enterprises has found that the most profitable output occurs when they produce Rs.17,200 worth of output of a particular product. They can choose from three possible techniques A, B & C that will produce the desired level of output. The table below shows the amount of inputs these techniques use along with each input price.	10 Marks	L4	C01
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	Price of Input per unit	Input	Production Techniques					
			A (Units)	B (Units)	C (units)			
	Rs. 100	Land	70	40	10			
	Rs. 20	Labour	60	70	180			
	Rs. 150	Capital	20	60	30			
	Rs. 80	Entrepreneurship	10	20	20			
a) If the management of Metro Enterprises decides to choose technique 'C' is this choice correct? What will be maximum profit?								
b) If the labor price increases to Rs.40 per unit, which technique should they choose? How will their profit be affected?								

Or

7.	<p>Cost analysis is important in deciding level of output and fixing the price for the product. By completing the cost schedule given below write your interpretation.</p> <table><tr><td>OUTPUT</td><td>TC</td><td>TFC</td><td>TVC</td><td>MC</td><td>AC</td><td>AFC</td><td>AVC</td></tr><tr><td>0</td><td>250</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>1</td><td></td><td></td><td></td><td>100</td><td></td><td></td><td></td></tr><tr><td>2</td><td></td><td></td><td></td><td></td><td>210</td><td></td><td></td></tr><tr><td>3</td><td></td><td></td><td>220</td><td></td><td></td><td></td><td></td></tr><tr><td>4</td><td>510</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>5</td><td></td><td></td><td></td><td></td><td></td><td></td><td>60</td></tr><tr><td>6</td><td></td><td></td><td></td><td></td><td>100</td><td></td><td></td></tr><tr><td>7</td><td></td><td></td><td></td><td>60</td><td></td><td></td><td></td></tr><tr><td>8</td><td></td><td></td><td>590</td><td></td><td></td><td></td><td></td></tr></table>							OUTPUT	TC	TFC	TVC	MC	AC	AFC	AVC	0	250							1				100				2					210			3			220					4	510							5							60	6					100			7				60				8			590					10 Marks	L3	C01
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8.	Economies of Scale is closely associated with large scale production. Discuss the various internal economies and external economies of scale.	10 Marks	L2	C01
Or				
9.	Discuss in detail various degrees of Price elasticity with their respective demand curves.	10 Marks	L2	C01

Part- C

<p>10.</p>	<p>The demand function for an engineering component manufactured by M/s. Excel Components is $Q_d = 3000 - 5P$. where, Q_d=Quantity demanded of the component, P=Price. From this equation</p> <p>a) Develop a demand schedule and plot the demand diagram at prices Rs.150, 250, 325, 400 and 500</p> <p>b) At what price $Q_d = 0$</p> <p>If M/s Excel Components want to sell 2500 units, what price they should fix?</p>	<p>15 Marks</p>	<p>L4</p>	<p>CO2</p>
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