



**PRESIDENCY UNIVERSITY,  
BENGALURU**

**SCHOOL OF MANAGEMENT**

**SET A**

**MID TERM EXAMINATION**

**Odd Semester:** 2018-19

**Date:** 31 October 2018

**Course Code:** ECO 101

**Time:** 2 Hours

**Course Name:** Microeconomics for Managers

**Max Marks:** 40

**Branch & Sem:** MBA I Sem

**Weightage:** 20%

**Instructions:**

- (i) *In Part A*, each answer not to exceed half a page.
- (ii) *In Part B*, for each answer half a page for explanation and half a page for diagram, equal weightage for both

**Part A**

Answer **all** the Questions. **Each** question carries **three** marks.

(4x3=12)

1. Distinguish between microeconomics and macroeconomics
2. How do you define opportunity cost?
3. Define market. What is market equilibrium?
4. What is meant by related goods?

**Part B**

Answer **all** the Questions. **5A** carries **four** marks and **5B** and **5C** carry **six** marks each.

(4+6+6=16)

5. Out of the information provided in the following table,

	Price	Quantity	Income
A	35	30	1000
B	30	40	1100
C	25	50	1200
D	20	60	1300
E	15	70	1400
F	10	80	1500

- A. Draw the demand curve based on the price and quantity data and mark the points A to F on the diagram.

**(4 Marks)**

- B. Define price elasticity. Calculate the price elasticity of demand from C to D and from D to E. **(6 Marks)**
- C. Define income elasticity. Calculate the income elasticity of demand when the income of consumer increases from 1000 to 1200 (relate to the quantity in the table). Also indicate what type of good it is. **(6 Marks)**

### Part C

Answer the Question. Each question carries **four** marks. **(3x4=12)**

6. Explain the circular flow of the economy with the help of the diagram.
7. What is production possibility curve? Describe its assumptions and draw the diagram.
8. Explain shift in demand and movement along the demand curve with suitable illustrations.



**PRESIDENCY UNIVERSITY,  
BENGALURU**

**SCHOOL OF MANAGEMENT**

**SET B**

**MID TERM EXAMINATION**

**Odd Semester:** 2018-19

**Date:** 31 October 2018

**Course Code:** ECO 101

**Time:** 2 Hours

**Course Name:** Microeconomics For Managers

**Max Marks:** 40

**Branch & Sem:** MBA & I Sem

**Weightage:** 20%

**Instructions:**

- (i) *All parts of the questions are compulsory*

**Part A**

Answer **all** the Questions. **Each** question carries **three** marks. (4x3=12)

1. What is the difference between positive and normative analysis in economics? Give example
2. Explain and draw the circular flow of economic activity.
3. What is a production possibility frontier curve? How opportunity cost is related to it?
4. Suppose the price of a commodity falls from 6 to Rs 4 per unit and due to this quantity demanded of the commodity increases from 80 units to 120 units. Find out the price elasticity of demand.

**Part B**

Answer **all** the Questions. **Each** question carries **four** marks. (3x4=12)

5. What is the difference between change in quantity supplied and change in supply? How the supply curve will shift if government provides subsidies and imposes tax on sellers?
6. Name different types of price elasticity of demand and for each case draw the demand curves. What would be the decision of a business manager on price of a good for elastic and inelastic price elasticity of demand of that good?
7. How market equilibrium is defined? Explain with diagram the situation of surplus and shortage in the market?

**Part C**

Answer the Question. Question carries **eight** marks. (2x8=16)

8. What are the determinants of demand? Explain with diagram the shift of demand curve in the following cases:
  - a) Price of substitute good increase.
  - b) Price of complementary goods decreases.

c) Income decrease.

d) Expected future price decreases and

e) Number of buyers decrease.

9. Define Income elasticity and cross price elasticity of demand and based on the elasticity values comment on the nature of the goods.



**PRESIDENCY UNIVERSITY,  
BENGALURU**

**SCHOOL OF MANAGEMENT**

**SET A**

**MID TERM EXAMINATION**

**Odd Semester:** 2018-19

**Date:** 27 November 2018

**Course Code:** ECO 101

**Time:** 2 Hours

**Course Name:** Microeconomics for Managers

**Max Marks:** 40

**Branch & SEM:** MBA & I Sem

**Weightage:** 20%

**Instructions:**

(i) Write legibly and be as concise as possible.

**Part A**

Answer **all** the Questions. **Each** question carries **four** marks.

(3x4=12)

1. a) What is micro economics; how it differs from Macroeconomics?  
b) Define Managerial Economics.
2. a) What do you understand by Accounting profit and economics profit? Give examples.  
b) What is economy's production possibilities? Show by a diagram.
3. a) What are the roles of firm and the household in economic growth? List them.  
b) Define Marginal analysis and Marginal Cost.

**Part B**

Answer the Question. Question carries **twelve** marks.

(1x12=12)

4. What are the fundamental concepts of economics? Explain each one of them.

**Part C**

Answer **all** the Questions. **Each** question carry **eight** marks

(2x8=16)

5. What do you understand by demand? What are the determinants of demand? Explain them.
6. Define elasticity of demand; what are the categories of price elasticity of demand? Briefly explain with the help of diagrams.



PRESIDENCY UNIVERSITY,  
BENGALURU

SCHOOL OF MANAGEMENT

SET B

MID TERM EXAMINATION

Odd Semester: 2018-19

Course Code: ECO 101

Course Name: Microeconomics for Managers

Branch & SEM: MBA & I Sem

Date: 27 November 2018

Time: 2 Hours

Max Marks: 40

Weightage: 20%

**Instructions:**

(i) Write legibly and be as concise as possible.

**Part A**

Answer **all** the Questions. **Each** question carries **four** marks. (3x4=12)

1. a) Define Marginal Revenue. What do you understand by positive and normative analysis?  
b) What is managerial economics? How does it differ from macro- economics?
2. a) We often use managerial and business economics synonymously, is it correct? Justify.  
b) State the law of demand with the help of a diagram.
3. a) What do you understand by shift in demand? Explain with the help of diagrams.  
b) Define elasticity of demand. List the methods of demand forecasting.

**Part B**

Answer the Question. Question carries **twelve** marks. (1x12=12)

4. What are the factors that cause the demand curve shift? Illustrate graphically.

**Part C**

Answer **all** the Questions. **Each** question carries **eight** marks (2x8=16)

5. Explain the fundamental problems of an economy.
6. Why is forecasting important to business decision? List the important qualitative and quantitative techniques of demand forecasting.



Roll No.																			
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**PRESIDENCY UNIVERSITY  
BENGALURU**

**SCHOOL OF MANAGEMENT**

**SET A**

**END TERM FINAL EXAMINATION**

**Odd Semester:** 2018-19

**Date:** 07 January 2019

**Course Code:** ECO 101

**Time:** 3 Hours

**Course Name:** MICROECONOMICS FOR MANAGERS

**Max Marks:** 80

**Programme & Sem:** MBA & I Sem

**Weightage:** 40%

**Instructions:**

- (i) **Answer all the questions.**
- (ii) **Write legibly.**
- (iii) **No separate graph sheets are needed.**

**Part A**

Answer **all** the Questions. **Each** question carries **five** marks. (4Qx5M=20)

1. Explain the features of an Isoquant curve with suitable diagrams.
2. What is oligopoly. Explain its features with suitable examples.
3. What is a break even point. Explain its importance for the producer through graphical representation.
4. "Long run average cost curve is U shaped in nature". Explain the reasons for its shape.

**Part B**

Answer **all** the Questions. **Each** question carries **ten** marks. (3Qx10M=30)

5. What are the features of perfectly competitive market. Explain the equilibrium conditions in short run and long run.
6. "Knowledge of iso quant and iso cost analysis is essential to derive least cost combination for the producer". Justify by explaining the producer equilibrium situation.
7. Discuss the relationship between total product, marginal product and average product. Explain the laws of short run and long run production functions.

**Part C**

Answer **both** the Questions. **Each** question carries **fifteen** marks. (2Qx15M=30)

8. Which kind of a market does FMCG industry belong to. Justify your answer by explaining the features of the relevant market. How does this market differ from Indian Railways.
9. "Ordinal utility analysis has overcome the drawbacks of cardinal utility analysis". Justify the statement by explaining utility analysis. Show the consumer equilibrium position with the help of diagrams.





- a. Calculate average variable cost, average total cost, and marginal cost for each quantity.
  - b. Graph all three curves. What is the relationship between the marginal-cost curve and average total-cost curve? Between the marginal-cost curve and the average-variable-cost curve? Explain.
9. De Beers, a South African mining group is a classic case of monopoly in diamond extraction. It resorted to capture its monopoly in the world diamond market through advertising strategy of popularizing diamonds as precious prestige goods among the gem stones. De Beers has established a central selling organization which controls more than 80 percent of the diamond business of the world. The company has its eye on emerging new market territories including China – as the world's biggest single market.

De Beers monthly pricing strategy implies continuous rise in the value of diamonds with its management of control over the market supply. When there is a slack in market condition, it withholds the stock at an appropriate time. The company supplements its supply control with demand manipulation to maintain a high level of diamond prices.

The company, however, observes that the diamond market in the new millennium is facing some serious problems. The main problems pertain to the oversupply of diamonds, falling prices and reduced profitability. Recently, big countries like Russia and America have dumped their stocks in the world diamond market that has caused reduced prices and lower profits to the Diamond King

1. How does DeBeers diamond business related to Monopoly case
2. How much market power does DeBeers have?
3. What type of profits monopolist earns in short run?
4. DeBeers pays for large amounts of advertising. If a monopoly is the sole seller of its product, why does it need to advertise?