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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, (NIET Business School) GREATER NOIDA

PGDM (Standard)

TRIMESTER-I THEORY EXAMINATION (2024-2025)

Subject: Managerial Economics

Time: 2Hrs.30 min   **Max. Marks:60**

General Instructions:

IMP: Verify that you have received question paper with correct course, code, branch etc.

1. *This Question paper comprises of three Sections -A, B, & C. It consists of Short type questions & Subjective type questions.*
2. *Maximum marks for each question are indicated on right hand side of each question.*
3. *Illustrate your answers with neat sketches wherever necessary.*
4. *Assume suitable data if necessary.*
5. *Preferably, write the answers in sequential order.*
6. *No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.*

SECTION – A   15

1. Attempt **all** parts:-

1-a. Define Opportunity Cost. (CO1,K1)   1

1-b. Define Elasticity of Demand. (CO2,K1)   1

1-c. Define the concept of Marginal Cost. (CO3,K1)   1

1-d. Define the term "Equilibrium". (CO4,K1)   1

1-e. Define Nash Equilibrium. (CO5,K1)   1

2. Attempt **all** parts:-

2.a. Explain any two practical implications of Managerial Economics. (CO1,K3)   2

2.b. Explain any two practical implications of cross elasticity of demand? (CO2,K3)   2

2.c. Explain Cobb-Douglas production function.(CO3,K2)   2

2.d. Define price discrimination.(CO4,K2)   2

2.e Define game theory. (CO5,K2)   2

SECTION – B   15

3. Answer any **three** of the following-

3-a. Demonstrate the relationship of economics with other disciplines of management. (CO1,K3)   5

3-b. What is demand forecasting? Sketch the various demand forecasting methods. (CO2,K3) — 5

3-c. Examine law of variable proportions.(CO3, K4) — 5

3-d. Explain the features of monopoly and oligopoly.(CO4,K2) — 5

3-e. Discuss the characteristics of game theory? (CO5,K2) — 5

SECTION – C — 30
Case Let & Application Based

4. Answer any **one** of the following-

4-a. Discuss the importance of studying managerial economics for a manager.(CO1,K2) — 6

4-b. Explain the nature & scope of managerial economics. (CO1,K2) — 6

5. Answer any **one** of the following- — 6

5-a. Appraise the properties of indifference curve? (CO2, K5) — 6

5-b. Discuss the significance of the price elasticity of demand.(CO2,K2) — 6

6. Answer any **one** of the following-

6-a. Explain the law of increasing returns. Why it is observed to be applicable in industries?(CO3, K3) — 6

6-b. Interpret the law of diminishing returns. (CO3,K3) — 6

7. Answer any **one** of the following-

7-a. Define perfect competition? Explain the price output determination under perfect competition in short run and long run. (CO4,K3) — 6

7-b. Define monopoly competition? Explain the price output determination under monopoly competition.(CO4,K3) — 6

8. Answer any **one** of the following-

8-a. You are considering entering a market serviced by a monopolist. You currently earn $0 economic profits, while the monopolist earns $5. If you enter the market and the monopolist engages in a price war, you will lose $5 and the monopolist will earn $1. If the monopolist doesn't engage in a price war, you will each earn profits of $2. — 6

    a. Write out the extensive form of the above game.

b. There are two Nash equilibria for the game. What are they?

c. Is there a subgame perfect equilibrium? Explain.

d. If you were the potential entrant, would you enter? Explain why or why not. (CO5,K4)

8-b.   In a one-shot game, if you advertise and your rival advertises, you will each earn $5 million in profits. If neither of you advertise, your rival will make $4 million and you will make $2 million. If you advertise and your rival does not, you will make $10 million and your rival will make $3 million. If your rival advertises and you do not, you will make $1 million and your rival will make $3 million.   6

a. Write the above game in normal form.

b. Do you have a dominant strategy?

c. Does your rival have a dominant strategy?

d. What is the Nash equilibrium for the one-shot game?

e. How much would you be willing to bribe your rival not to advertise?(CO5,K4)