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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA
(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA-IEV

SEM: I - THEORY EXAMINATION (2025 - 2026)

Subject: Managerial Economics for Entrepreneurs

Time: 3 Hours

Max. Marks: 100

General Instructions:

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

1. This Question paper comprises of **three Sections -A, B, & C**. It consists of Multiple Choice Questions (MCQ's) & 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

20

1. Attempt all parts:-

- 1-a. The branch of economics that studies the behavior of individual economic units like households and firms is known as. (CO1, K1) 1
- (a) Microeconomics
- (b) Macroeconomics
- (c) Managerial Economics
- (d) Econometrics
- 1-b. The cost of the next best alternative forgone when making a decision is termed. (CO1, K1) 1
- (a) Sunk Cost
- (b) Fixed Cost
- (c) Marginal Cost
- (d) Opportunity Cost
- 1-c. The price elasticity of demand measures the responsiveness of. (CO2, K1) 1
- (a) Price to a change in demand
- (b) Supply to a change in demand
- (c) Quantity demanded to a change in price
- (d) Quantity demanded to a change in income
- 1-d. Goods with an income elasticity of demand greater than one are classified as. (CO2, K1) 1
- (a) Luxury goods
- (b) Necessity goods
- (c) Inferior goods

- (d) Complementary goods
- 1-e. A mathematical relationship between inputs and maximum possible output is known as a. (CO3, K1) 1
- (a) Cost Function
 (b) Production Function
 (c) Demand Function
 (d) Revenue Function
- 1-f. A cost that does not change with the level of output is a. (CO3, K1) 1
- (a) Variable Cost
 (b) Marginal Cost
 (c) Average Cost
 (d) Fixed Cost
- 1-g. The key feature distinguishing a monopoly from other market structures is. (CO4, K1) 1
- (a) Product differentiation
 (b) A large number of sellers
 (c) A single seller with significant barriers to entry
 (d) Interdependence among firms
- 1-h. A market structure characterized by a few large firms selling either homogeneous or differentiated products is. (CO4, K1) 1
- (a) Monopolistic Competition
 (b) Oligopoly
 (c) Perfect Competition
 (d) Monopoly
- 1-i. The Behavioural Theory of the Firm, associated with Cyert and March, posits that firms are. (CO5, K1) 1
- (a) Unified, rational profit-maximizers
 (b) Single decision-making units
 (c) Coalitions of groups with divergent interests
 (d) Always efficient
- 1-j. A situation where one party in a transaction has more or better information than the other is known as. (CO5, K1) 1
- (a) Moral Hazard
 (b) Adverse Selection
 (c) Signalling
 (d) Asymmetric Information

2. Attempt all parts:-

- 2.a. State the primary focus of Microeconomics. (CO1, K2) 2
- 2.b. List two types of goods that are exceptions to the Law of Demand. (CO2, K2) 2
- 2.c. Differentiate between 'Explicit Costs' and 'Implicit Costs'. (CO3, K2) 2
- 2.d. Differentiate between 'homogeneous' and 'differentiated' products. (CO4, K2) 2

2.e.	Differentiate between 'Accounting Profit' and 'Economic Profit'. (CO5, K2)	2
SECTION-B		30
3. Attempt all parts:-		
3.a. Answer any <u>one</u> of the following:-		
3.a.(i)	Compare and contrast Microeconomics and Macroeconomics with suitable examples. (CO1, K2)	6
3.a.(ii)	Explain the Law of Diminishing Marginal Utility with a suitable example. Discuss its implication for a seller in pricing their product. (CO1, K2)	6
3.b. Answer any one of the following:-		
3.b.(i)	Explain the Law of Demand with the help of a demand schedule and a demand curve. (CO2, K2)	6
3.b.(ii)	Define supply. Discuss various factors affecting supply of agri-products in India (CO2, K2)	6
3.c. Answer any one of the following:-		
3.c.(i)	Explain the law of variable proportions with the help of a schedule and diagram. (CO3, K2)	6
3.c.(ii)	Discuss the various factors that can lead to economies of scale for a large manufacturing firm. (CO3, K4)	6
3.d. Answer any one of the following:-		
3.d.(i)	Explain the features of a perfectly competitive market with examples. (CO4, K2)	6
3.d.(ii)	Describe the features of a monopoly market with suitable examples. (CO4, K2)	6
3.e. Answer any one of the following:-		
3.e.(i)	Explain Baumol's Sales Revenue Maximization model. Outline the role of a minimum profit constraint in this model. (CO5, K2)	6
3.e.(ii)	Explain the relevance of Game Theory for analyzing competitive strategies in an oligopolistic market. (CO5, K2)	6
SECTION-C		50
4. Answer any <u>one</u> of the following:-		
4-a.	The government announces a significant increase in infrastructure spending. Analyze the impact of this increased spending on Indian economy. (CO1, K4)	10
4-b.	Construct an indifference curve schedule for two goods, X and Y, for a consumer, ensuring it reflects the principle of diminishing Marginal Rate of Substitution (MRS). (CO1, K2)	10
5. Answer any <u>one</u> of the following:-		
5-a.	A manufacturer of electronic gadgets is launching a new smartphone. Discuss the various methods of demand forecasting they could use, highlighting the most appropriate method for the short run and the long run, with justifications. (CO2, K4)	10
5-b.	When the price of Good X is Rs. 10, the quantity demanded of Good Y is 100 units. When the price of Good X rises to Rs. 15, the quantity demanded of Good Y rises to 140 units. Calculate the cross elasticity of demand and state the relationship between X and Y. (CO2, K4)	10
6. Answer any <u>one</u> of the following:-		

- 6-a. Define cost. Discuss various types of cost with suitable examples. (CO3, K2) 10
- 6-b. Define increasing return to scale. Explain causes of increasing return to scale. (CO3, K2) 10
7. Answer any one of the following:-
- 7-a. A pharmaceutical company holds a patent for a life-saving drug, giving it monopoly power. It is considering selling the drug at a high uniform price or practicing price discrimination between developed and developing countries. Analyze the economic and ethical implications of each pricing strategy. (CO4, K4) 10
- 7-b. Define oligopoly. Explain features of oligopoly market with suitable examples. (CO4, K4) 10
8. Answer any one of the following:-
- 8-a. A health insurance company is facing rising claims and suspects it is a victim of both adverse selection and moral hazard. Explain how these two phenomena could be affecting the company. Propose strategies the company could adopt to mitigate each problem. (CO5, K4) 10
- 8-b. Distinguish between cooperative and non-cooperative games. List advantages of cooperative and non cooperative games with suitable examples. (CO5, K2) 10