



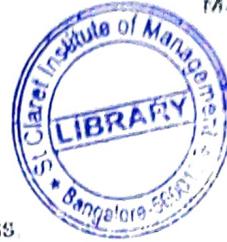
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First Semester M.B.A. Degree Examination, February 2017
(CBCS)
Management
Paper - 1.1 : ECONOMICS FOR MANAGERS

Time : 3 Hours

Max. Marks: 70

SECTION A



(5x5=25)

Answer any five of the following questions.

1. What is central problem of an economic ? Discuss.
2. Explain briefly the relation between marginal cost and average cost with the help of suitable example.
3. Distinguish between extension of demand and increase in demand.
4. Discuss the factors which accounts for increasing returns to scale and decreasing returns to scale.
5. What are ridge lines ? Explain its importance in production.
6. How the measurement of national income is done in India ?
7. Find the cross elasticity of demand between X and between Y and Z for the data in table given below.

| Commodity | Before | | After | |
|-----------|----------------|---------------------|----------------|---------------|
| | Price Rs./Unit | Quantity Units/Year | Price Rs./Unit | Quantity/Year |
| Y | 8 | 150 | 6 | 200 |
| X | 4 | 100 | 4 | 75 |
| Z | 10 | 6 | 12 | 5 |
| X | 4 | 100 | 4 | 80 |

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the number of patrons. Without reservations, the restaurant would either have to serve customers in overcrowded conditions or make them wait on line. All successful restaurants have scores of imitators. Non price competition is very evident in restaurant industry. For instance, several chains have attempted to duplicate McDonald and siphoned some of its customers and profits. But, McDonald has fought back with extensive advertising. Brand name producers have a variety of means to make their products special to customers. Most important is advertisement which generic item producers would obviously not use.

Questions :

- 1) Which type of market competition this case belongs ? Give justification of your answer with suitable examples.
 - 2) What are the various ways of non price competition prevailing in Restaurant industry ?
 - 3) Do you think that the economic effect of non price competition is an overall undesirable loss of allocative and productive efficiency : the customer pays more and is able to buy less ? Give your arguments for or against non price competition.
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