GL BAJAJ
Institute of Management & Research
Greater Noida

FIND YOUR SPARK

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2025-27)
END TERM EXAMINATION (TERM -I)

Subject Name: **Managerial Economics**	Time: **02.00 hrs.**
Sub. Code: **PG102**	Max Marks: **40**

Note: All questions are compulsory. Section A carries 12 marks: 6 questions of 2 marks each, Section B carries 18 marks having 3 questions (with internal choice question in each) of 6 marks each and Section C carries 10 marks one Case Study having 2 questions of 5 marks each.

Kindly write the all the course outcomes as per your TLEP in the box given below:

S. No.	Course Outcomes (COs)	Bloom's Taxonomy Level
CO1	Use managerial concepts for business decision-making	L3
CO2	Examine future demand using demand, supply, production, and cost concepts	L4
CO3	Differentiate between short run and long run cost functions and interpret production functions	L4
CO4	Compare and contrast different market structures and pricing strategies	L4
CO5	Evaluate macroeconomic environment of business through concepts of national income, business cycles and monetary and fiscal policies.	L5

SECTION - A		
Attempt all questions. All questions are compulsory.	**2×6 = 12 Marks**	
Questions	**CO**	**Bloom's Level**

Q. 1: (A). Identify whether the following is related to Micro or Macro Economics.
    a. Study of how a consumer decides to spend their income on goods and services.
    b. Analysis of inflation trends in India over the last 5 years.
    c. Determining the price of petrol in a competitive market.
    d. Studying the impact of monetary policy on national income.
Q. 1: (B). An MBA graduate receives two job offers:
    Offer A: ₹10,00,000 salary now
    Offer B: ₹5,00,000 now + ₹6,00,000 after 1 year
Assuming a discount rate of 10%, which offer has a higher present value? Use the Discounting Principle to justify your choice.
Q. 1: (C). "Opportunity cost is more important than actual cost in strategic decision-making." Discuss with examples.
	CO1	L3

Q. 1: (D). Anita prefers online courses and networking events**,** values both, and prefers variety rather than too much of one. What shape will Anita's indifference curves most likely have? How it affects her marginal rate of substitution as she substitutes one activity for another. **Q. 1: (E).** A company sells office software and wants to forecast the demand for	CO2	L4

the next quarter. They observe that demand usually spikes during the start of the financial year and dips during holiday months. They have sales data for the past 3 years.
a) Which demand forecasting method would be suitable for this company?
b) What factors other than seasonality should the company consider for accurate demand forecasting? Write any two factors.

Q. 1: (F) A coffee shop sells cappuccino at Rs.120 and daily sales are 200 cups. When the price is reduced to Rs.100, sales rise to 260 cups. Does this represent a movement along the demand curve or a shift of the demand curve? Briefly justify

SECTION – B

All questions are compulsory (Each question has an internal choice. Attempt anyone (either A or B) from the internal choice.   **6 x 3 = 18 Marks**

Questions	CO	Bloom's Level
Q. 2: (A) (i) The GDP at MP of a country in a particular year was Rs.1100Cr.Net factor income from abroad was Rs.100Cr. The value of net indirect taxes was Rs.150Cr. and National Income was Rs.850Cr. Calculate aggregate value of depreciation**.** **(ii)**GNP at MP of an economy is Rs.1,20,000Cr. and its capital stock is worth Rs.3,00,000 Cr. If capital stock depreciates @20% per annum, indirect taxes amount to Rs.30,000 Cr. and subsidies are put at Rs.15,000 crore. What is National Income? (3+3) **Or** **Q. 2: (B)** You are the marketing manager of a consumer goods company. The central bank has recently reduced interest rates and launched a stimulus package to revive the economy. **Questions:** a. Which phase of the business cycle is the economy likely transitioning into? b. Explain three economic indicators that support your answer. c. As a marketing manager, suggest two tactics to take advantage of this economic shift. (1+3+2)	CO5	L5

Q. 3: (A). The demand and supply equations for a product are:
      Demand: Qd=100−2P
      Supply: Qs=20+3P
 Questions:
 (a) Find the equilibrium price and quantity.
 (b) Verify that at price P=10 there is a shortage or surplus.
 (c) Explain what happens in the market if the price is above or below the equilibrium.   (2+2+2)
 	
 Or
 Q. 3: (B) You are the Category Manager at a leading retail chain (like Big Bazaar or DMart), responsible for kitchen appliances. Your pricing experiment on a popular air fryer showed:
 • When the price was ₹5,000, sales were 1,000 units/month.
 • After reducing the price to ₹4,000, sales increased to 1,400 units/month.
 Your management team wants to decide on a pricing strategy for the festive season.
 Questions:
 a. Calculate the price elasticity of demand using the arc elasticity method.
 b. Is demand elastic or inelastic? What does this imply about customer responsiveness to price changes?
	CO2	L4

c. As a manager, what pricing decision would you make for the festive season to maximize revenue? Justify your decision based on economic logic.			
Q. 4: (A). Monopolists often earn supernormal profits in the long run, unlike firms in perfect competition. Explain reasons.			
Or			
Q. 4: (B) AgroFresh Ltd. is a small firm selling wheat in a perfectly competitive market, where the market price is ₹25 per kg. The firm cannot influence the price and is therefore a price taker.. Answer the following: a) Explain what it means for a firm to be a price taker in perfect competition. b) Differentiate between the short-run and long-run decisions for a price taker in perfect competition. (2+4)		CO4	L4

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SECTION - C

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Read the case and answer the questions   **5×02 = 10 Marks**

Questions	CO	Bloom's Level
Q. 5: Case Study: Green Fields Manufacturing produces eco-friendly packaging materials. The firm faces the following cost structure at various output levels (units produced per day). The firm incurs a fixed cost of ₹100 per day due to rent and equipment leases. The table below shows Total Cost (TC) and Marginal Cost (MC) for different output levels:		L4

Output (Q)	Total Cost (TC ₹)	Marginal Cost (MC ₹)
1	300	300
2	450	150
3	600	150
4	800	200
5	1100	300

Questions:

Q. 5: (A). Calculate the Total Variable Cost (TVC), Average Variable Cost (AVC), and Average Cost (AC) for each output level.

Q. 5: (B). Identify the output level at which Marginal Cost (MC) equals Average Cost (AC). Also, Explain the relationship between MC, AC, and AVC curves based on your calculations. How do these relationships help the firm in cost management decisions?

Kindly fill the total marks allocated to each CO's in the table below:

COs	Question No.	Marks Allocated
CO1	Q1-B,C,F	6 Marks
CO2	Q1-A,D,E,Q3	12 Marks
CO3	Q5-A,B	10 Marks
CO4	Q4	6 Marks
CO5	Q2	6 Marks

(Please ensure the conformity of the CO wise marks allocation as per your TLEP.)

Blooms Taxonomy Levels given below for your ready reference:

L1= Remembering

L2= Understanding

L3= Apply

L4= Analyze

L5= Evaluate

L6= Create