

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

POST GRADUATE DIPLOMA IN MANAGEMENT (2025-27)

MID TERM EXAMINATION (TERM -I)

 Subject Name: **MANAGERIAL ECONOMICS**

 Time: **01.00 hrs**

 Sub. Code: **PG102**

 Max Marks: **20**
Note: All questions are compulsory. Read the case and answer the questions
Kindly write the all the course outcomes as per your TLEP in the box given below:

CO-1 Apply fundamental economic concepts (opportunity cost, marginal analysis, time perspective, equi-marginal principle) to managerial decision-making (Apply-L-3)

CO-2 Analyze demand and supply conditions to forecast market trends and evaluate business strategies. (Analyze-L4)

CO-3 Examine production and cost functions to determine optimal resource allocation in short-run and long-run scenarios (Analyze-L-4)

CO-4 Compare different market structures (perfect competition, monopoly, monopolistic competition, oligopoly) and assess their impact on pricing and output decisions. (Analyze-L-4)

CO-5 Evaluate macroeconomic environment of business through concepts of national income, business cycles and monetary and fiscal policies (Evaluate-L-5)

SECTION - A

Attempt all questions. All questions are compulsory.

2*10 = 20 Marks
Read the case and answer the questions
CO
**Bloom's
Level**

Q1. CASE STUDY – FRESHSIP BOTTLED JUICE

CO2
L3

FreshSip Pvt. Ltd. is a mid-sized beverage company planning to expand its bottled juice product line in the Indian market.

A recent marketing research study has analysed consumer preferences and price sensitivity for FreshSip's flagship 1-litre juice pack.

Market demand is given by:

$$Q_d = 500 - 5P$$

Market supply is given by:

$$Q_s = 50 + 3P$$

Here, Q_d and Q_s are the quantities (in thousand packs per week) and P is the retail price in ₹ per pack.

From the above information, answer the following:

(a) Determine the equilibrium price and equilibrium quantity in the current market (without government intervention). (5 Marks)

(b) Calculate the price elasticity of demand at the equilibrium price. State whether demand is elastic, inelastic, or unit elastic at this price. Briefly interpret your result. (5 Marks)

<p style="text-align: center;">Arjun's Dilemma: Job Offer vs. MBA</p> <p>Arjun, a 24-year-old commerce graduate, has been working for a small accounting firm in Pune for the past two years. Recently, he was offered a full-time position at a multinational company with an annual salary of ₹8 lakh. The offer is attractive, with benefits including health insurance, performance bonuses, and opportunities for international assignments. However, Arjun has also been offered admission into a reputed business school's two-year PGDM program, with a total tuition fee of ₹12 lakh. Based on placement statistics, graduates from this institute have an average starting salary of ₹18 lakh per year. If Arjun chooses the MBA, he will need to quit his current job and forego the new ₹8 lakh offer. Additionally, he will have to finance his studies either through savings or an education loan, and he will not earn any salary for two years.</p> <p>Arjun's friends advise him differently — some say the MBA is worth it for long-term career growth, while others believe he should start earning immediately and avoid debt.</p> <p>Questions:</p> <p>Q1) Identify the opportunity cost if Arjun chooses the MBA. (3 Marks)</p> <p>Q2) Identify the opportunity cost if Arjun accepts the job offer instead of the MBA. (3 Marks)</p> <p>Q3) Which option do you think has a higher long-term benefit? Support your answer with reasoning (4 Marks)</p>	CO1	L3
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Kindly fill the total marks allocated to each CO's in the table below:

COs	Blooms Taxonomy Levels	Marks Allocated
CO1	L3	10 Marks
CO2	L4	10 Marks

Blooms Taxonomy Levels given below for your ready reference:

L1= Remembering

L2= Understanding

L3= Apply

L4= Analyze

L5= Evaluate

L6= Create